Overseas Business Reports

Box 75

International
Marketing Information
Series

OBR

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# Marketing in Liberia

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**Bureau of International Commerce**

U.S. Department of Commerce
Domestic and International Business Administration

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## The Liberian Market

Liberia has a small population (1.6 million), but its market is surprisingly large because of the high level of activity in plantation agriculture and iron ore mining. A significant portion of Liberian imports of capital equipment is purchased directly by the private concessionaires who are predominantly American. The Mano River Declaration of 1973, which calls for eventual economic union of Liberia and Sierra Leone, enhances the potential size of this market for U.S. suppliers and investors.

During the next few years, prospects are especially good for sales of mining equipment, construction and road building machinery and supplies, power equipment, fishing boats, logging and sawmilling equipment, and port and railroad equipment. Consumer goods are imported by large and medium-sized companies and account for almost one-fourth of total Liberian imports. The principal products include foods (especially rice), cotton fabrics, clothing, and household appliances, utensils, and furnishings. The consumer goods market is divided among the low-income rural and urban workers, who spend much of their income on basic household items and processed food purchased through small retail outlets, and the high income urban group that patronizes the supermarkets and larger retail stores carrying more sophisticated products. Consumers are quality conscious, with brand reputation an important factor in buying decisions. Presently overshadowed by the private sector, the Liberian Government should not be overlooked as a prospective customer. Development projects, both locally and foreign-financed, will increase opportunities for U.S. business.

### *Development Planning and Assistance*

Liberia's 4-year development plan (July 1, 1976–June 30, 1980) calls for total expenditures of $414 million over the plan period. Under the plan the Liberian Government is to contribute $159 million (38%), and foreign donors are expected to provide the $257 million balance. The breakdown of projected expenditures by major sectors is given in Table 1.

Liberia is receiving economic assistance from the United States, the United Nations, international lending institutions, the Federal Republic of Germany, Italy, the Republic of China, and others. In 1975 the Liberian Government received external assistance commitments totaling $80.1 million. Included were Italian loans ($12 million) for construction and maintenance of Monrovia's

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*Table 1.—Estimated Development Expenditures, FY 1977–80*[1]
(in millions of dollars)

| Sector | Amount | Percent of Total |
|---|---|---|
| Roads | 146 | 35.2 |
| Agriculture & Forestry | 80 | 19 2 |
| Public Utilities | 48 | 11.2 |
| Education & Training | 35 | 8.4 |
| Health | 22 | 5.3 |
| Telecommunications | 20 | 4 8 |
| Housing & Social Welfare | 17 | 4.1 |
| Manufacturing | 17 | 4.1 |
| Ports & Airports | 12 | 2.9 |
| Miscellaneous | 18 | 4.3 |

[1] As projected in Liberia's four-year development plan

streets and drainage system and loans for highway development from the World Bank ($27.5 million), the African Development Bank ($6 million) and the U.S. Agency for International Development (USAID). USAID and the World Bank Group extended a total of $11 million in soft loans for the Upper Lofa County Integrated Rural Development Program. The World Bank also provided $1.8 million in technical assistance to the power sector. Over a period of several years beginning in 1976 the European Economic Community will provide $30 million in loans and grants for development purposes.

Liberia has a per capita income (at current prices) estimated at $481. In 1975 its gross domestic product (GDP) of $745 million was one of Africa's highest. Liberia's wealth is based primarily on exports of iron ore, rubber, and timber. The country's liberal trade and payments regulations, "open door" investment policy, and the established preference of a large segment of the population for American products have created a favorable climate for U.S. exports of industrial and consumer goods. The United States, Liberia's leading supplier, exported goods valued at $104 million (31% of the market) to Liberia in 1975 and imported Liberian products worth $89 million (22% of total Liberian exports). (See Tables 2–4)

Energetic market development activities on the part of U.S. firms, including establishment of sales subsidiaries, appropriate advertising campaigns and credit policies, and attention to after-sales servicing are required to keep pace with growing competition. Liberia's minimal trade restrictions, free port facilities, and U.S. market orientation warrant serious consideration.

## Agriculture, Forestry and Fishing

### *Agriculture*

Agricultural output totalled $95 million in 1972 of which $60 million originated in the monetized sector composed of rubber, coffee, cocoa, palm products and other export crops, and $35 million in the monetized sector. Rubber alone accounts for about $25 million in the monetized sector. The structure of the agricultural sector is characterized by (a) foreign concessions, (b) Liberian-owned commercial farms, and (c) small traditional farms that comprise more than 90% of agricultural holdings in Liberia. Foreign concessions are limited principally to large rubber plantations and timber exploitation. The basic features of these enterprises are highly trained expatriate managerial and technical staff, extensive capital investment, large scale modern technology, and high levels of efficiency. The Liberian-owned commercial farms primarily produce rubber, but have been expanding into poultry, livestock, coffee, cocoa, oil palm and some rice and vegetables. They employ moderately capital intensive technology and have relatively easy access to capital and other resources, often against the security of their own interests. Most of the ownership is absentee and management is poor, except in cases where the farm is large enough to support an experienced professional manager. The traditional sector is largely outside the monetized economy. It is located in areas with minimal infrastructure, and is composed of farms in which fewer than 10 acres are cultivated each year. The sector primarily produces rice, cassava, yams, and other subsistence crops along with some coffee, cocoa, oil palm and sugar cane that are grown as cash crops.

*Table 2.—Liberia: Gross Domestic Product At Current Prices*
($Millions)

| Monetary Economy | 1968 | 1970 | 1972 | 1973 |
|---|---|---|---|---|
| Agriculture, Forestry & Fishing | 27 8 | 40.4 | 38.2 | 62 6 |
| Mining & Industry | 105.3 | 115.6 | 142 1 | 152.7 |
| Manufacturing | 9 9 | 15.2 | 18.0 | 22.6 |
| Electricity & Water | 4.3 | 5 6 | 7.1 | 5 8 |
| Construction | 12.4 | 16.2 | 17.6 | 15 0 |
| Trade, Restaurants & Hotels | 37.2 | 42.6 | 49 4 | 53 3 |
| Transportation, Storage & |  | 29.6 | 31 8 | 36 3 |
| Communications | 39.3 |  |  |  |
| Finance, Insurance, Business & Real Estate Services | 19.7 | 23.7 | 27.3 | 34.7 |
| Community & Social Services | 10.5 | 12.4 | 13.0 | 14 3 |
| Imputed Bank Charges | -3.5 | -3 4 | -3 5 | -4.2 |
| Government Services | 22.8 | 23.0 | 26.7 | 31 2 |
|  | 276.9 | 323.1 | 372.2 | 427.3 |

Source: *Quarterly Statistical Bulletin of Liberia*, Ministry of Planning and Economic Affairs

*Table 3.—Principal Liberian Imports and Exports*
(In Millions of U.S. Dollars)

| Imports | 1971 | 1972 | 197 | 1974 | 1975 |
|---|---|---|---|---|---|
| Cereals & Cereal Preparations | 13.2 | 10.9 | 16.3 | 20.4 | 19.3 |
| Beverages & Tobacco | 4.5 | 3 8 | 4.1 | 4.7 | 6.2 |
| Petroleum & Petroleum Products | 11.6 | 12.0 | 14 4 | 56.1 | 48.3 |
| Chemicals | 11.5 | 9.9 | 2.1 | 3.1 | 3.3 |
| Rubber Manufactures N.E S. | 4.7 | 4.0 | 5.8 | 6.7 | 8.9 |
| Textile Yarn Fabrics & Related Products | 10.5 | 14 4 | 9.9 | 12.5 | 14.8 |
| Nonmetallic Mineral Manufactures N E.S | 4.2 | 3 9 | 4 5 | 6.8 | 7.4 |
| Iron & Steel | 5 0 | 5 4 | 6.0 | 9.6 | 11.9 |
| Manufactures of Metal N.E.S | 8.2 | 9.4 | 8.7 | 12.1 | 18 9 |
| Machinery Other Than Electric | 30.3 | 36 4 | 39.6 | 44.5 | 62.3 |
| Electrical Machinery | 7 3 | 8 4 | 9 5 | 12 5 | 16 6 |
| Transportation Equipment | 16.6 | 18,6 | 19.7 | 28.4 | 36 8 |
| Other | 34.8 | 41.6 | 43.8 | 71 0 | 76.5 |
| TOTAL | 162.4 | 178.7 | 193 5 | 288 4 | 331 2 |
| **Exports** |  |  |  |  |  |
| Iron Ore | 160.6 | 182.1 | 197.0 | 262.5 | 294 2 |
| Rubber | 32 5 | 29 0 | 42 8 | 64.5 | 46 2 |
| Diamonds | 28 2 | 31 7 | 49 2 | 29 9 | 18.4 |
| Palm Kernel Oil | 2.2 | 0.5 | 0.2 | 6.9 | 2 3 |
| Coffee | 4 0 | 4.6 | 5 1 | 4.0 | 4 5 |
| Cocoa | 1.3 | 1 5 | 1.9 | 4.2 | 4 4 |
| Logs & Lumber | 8.0 | 8 2 | 16.6 | 17.6 | 12.8 |
| Other | 9 8 | 12 2 | 11 2 | 10.6 | 11 5 |
| TOTAL | 246 6 | 269.8 | 324.0 | 400.2 | 394.3 |

Source. Economic Survey of Liberia, Ministry of Planning and Economic Affairs

*Table 4.—Major U.S. Exports to Liberia*
(in thousands of U S dollars)

| Code | Description | 1973 | 1974 | 1975 |
|---|---|---|---|---|
|  | TOTAL | 46,173 | 69,677 | 89,412 |
| 0 | Food & Live Animals | 11,025 | 17,344 | 13,838 |
| 041 | Wheat-Unmilled | 526 | 2,831 | 1,701 |
| 042 1 | Rice, in the Husk or Husked Only | 1,559 | 1,188 | 3,724 |
| 042 2 | Rice-Milled | 6,680 | 10,466 | 5,636 |
| 099 | Food Preparations, NEC | 341 | 536 | 360 |
| 1 | Beverages and Tobacco | 835 | 1,247 | 2,163 |
| 122 2 | Cigarettes | 544 | 899 | 2,080 |
| 2 | Crude Materials, Inedible, except Fuel | 240 | 456 | 397 |
| 3 | Mineral Fuels | 829 | 823 | 1,453 |
| 33 | Petroleum & Petroleum Products | 694 | 621 | 1,453 |
| 4 | Oils and Fats, Animal & Vegetable | 295 | 962 | 480 |
| 5 | Chemicals | 1,326 | 2,321 | 2,349 |
| 51 | Chemical Elements & Compounds | 268 | 468 | 791 |
| 54 | Medicinal & Pharmaceutical Products | 180 | 327 | 288 |
| 55 | Essential Oils, Perfume Materials, Soap | 303 | 360 | 438 |
| 56 | Fertilizers, Manufactured & Fertilizer Materials NEC | 111 | 234 | — |
| 58 | Synthetic Resins & Plastic Materials | 100 | 292 | 156 |
| 59 | Chemical Products & Materials NEC | 247 | 433 | 410 |
| 6 | Manufactured Goods by Chief Material | 6,936 | 12,194 | 13,277 |
| 62 | Rubber Manufactures | 966 | 2,271 | 1,913 |
| 64 | Paper, Paperboard & Manufactures NEC | 353 | 494 | 552 |
| 653 | Textile Fabrics, Woven, except Cotton, etc | 965 | 2,239 | 1,647 |
| 67 | Iron & Steel | 888 | 1,834 | 3,261 |
| 684 | Aluminum & Aluminum Alloys, Wrought & Unwrought | 295 | 479 | 397 |
| 69 | Manufactures of Metal NEC |  |  |  |
| 691 | Structures & Parts—Iron & Steel, Aluminum, Zinc | 651 | 783 | 1,237 |
| 693 | Wire Products except Insulated Electric | 312 | 315 | 835 |
| 695 | Tools NEC for Use in Hand or in Machines | 1,005 | 1,439 | 1,333 |
| 7 | Machinery & Transport Equipment | 20,257 | 28,336 | 47,909 |
| 711 5 | Engines—Internal Combustion | 1,051 | 1,281 | 2,214 |
| 712 5 | Tractors, except Road & Industrial | 1,746 | 1,839 | 3,660 |
| 718 4 | Construction & Mining Machinery NEC & Parts | 3,357 | 4,863 | 11,420 |
| 718 5 | Mineral Working & Glass | 899 | 809 | 992 |
| 719 1 | Heating & Cooling Machinery & Equipment & Parts | 779 | 1,497 | 2,159 |
| 719 2 | Pumps, Centrifuges, etc & Parts | 823 | 971 | 1,542 |
| 719 9 | Parts & Accessories for Machinery NEC | 269 | 789 | 597 |
| 722 1 | Electric Power Machinery & Parts | 502 | 630 | 1,182 |
| 724.9 | Telecommunications Equipment NEC | 717 | 702 | 522 |
| 725 | Electric Household Equipment & Appliances & Parts | 253 | 498 | 500 |
| 731 7 | Parts of Railway Vehicles NEC | 707 | 751 | 1,069 |
| 732 | Passenger Cars, Trucks etc All Fuels | 1,953 | 4,247 | 7,838 |
| 732 8 | Motor Vehicle & Tractor Parts & Accessories NEC | 2,130 | 2,791 | 4,525 |

Source U S. Bureau of the Census, U S. Exports, World Area by Commodity Groupings (FT 455)

**Land Tenure.**—Apart from small holdings, primarily in urban areas that are freeholdings, land in Liberia is owned by the State. Within each tribal area the traditional authorities are responsible for the administration of land and allocate its use to members of the community and others. This practice is common in West Africa and provides tenure in areas where population pressure is light. Land allocated to an individual may not be sold or otherwise disposed.

**Coffee and Cocoa.**—Liberia is not a major world producer of coffee and cocoa. During 1973–74 its total coffee and cocoa exports amounted to less than 2% of the world production. The incremental production foreseen for these commodities will not be significantly large enough in terms of world production to have a measurable effect on the supply and price situation.

Liberia is not a member of the International Cocoa Agreement (ICA) and therefore is not limited by quota restrictions. Cocoa exports from Liberia have shown considerable fluctuation. According to the World Bank the projected rate of growth of world cocoa production in 1971–80 is about 3.8% a year. This projection is higher than that anticipated for the growth in demand at 1972 constant prices during the same period.

**Livestock.**—Cattle are scarce because of health (the tsetse fly) and climatic conditions. Most of the rural protein intake comes from small wild animals and fish.

### *Marketing Organizations*

Coffee, cocoa, palm kernels and palm kernel oil are processed and marketed exclusively by the Liberian Produce Marketing Corporation (LPMC). LPMC was established in 1962 as a 50% Liberian Government and 50% Danish-owned company with the Minister of Agriculture as

Chairman. It is now wholly owned by the Liberian Government, although still managed by a Danish firm. Largely autonomous, LPMC operates commercially and is profitable. Export crops are purchased at prices established by LPMC through Licensed Buying Agents (LBA's) who in turn buy through unlicensed traders or subagents. In addition to export crops, LPMC also purchases and mills paddy rice for sale locally and in Monrovia, and imports milled rice for private trading (8,400 tons in 1974). LPMC operates rice mills, coffee hullers, a palm kernel mill, and a palm oil mill. It also owns small estates growing coffee, cocoa or oil palm. LPMC maintains and controls two funds financed from deductions from the proceeds from export crops other than rubber.

### *Liberian Bank for Development and Investment (LBDI)*

LBDI was established in 1965 with IFC assistance and subsequently received World Bank loans. Agricultural credit is extremely limited in Liberia. The only known sources of farm credit for which collateral is required are LBDI and the commercial banks. The cooperatives and the credit and marketing division of the Ministry of Agriculture in a small way provide credit without collateral for seasonal inputs and land development.

### *Agricultural Development*

Development planning for agriculture envisages a dualistic approach aimed at two basic objectives: increased export production and self-sufficiency in rice production. Emphasis will be placed on the development of commercially operated plantations for coffee, cocoa, oil palm, and rice. Present plans call for Liberian Government ownership of the plantations and government direction of processing facilities. Liberia has initiated programs for tree crop plantations for which improved varieties with higher yields as well as other planting materials will be purchased from the Ivory Coast. Studies are being made for a 60,000-acre palm oil development and for two 10,000-acre plantations for coffee and cocoa. In addition, the Liberian Government is developing a 3,000 acre irrigated and fully mechanized rice plantation. The plantation will be operated by a new public corporation on a commercial basis and managed by Chinese technical assistance. A second (10,000 acre) rice plantation is planned for the near future.

The results of private rubber research undertaken by Firestone Plantations, Ltd. are made available to Liberian farmers and provide a second technical base for the industry. Rice and other food crop applied research is the responsibility of the Liberian Government's Central Agricultural Experiment Station (CAES) at Suakoko with support from West Africa Rice Development Association (WARDA) and UNDP. The gradual improvements in quality are encouraging, but the Liberian Government needs to increase budgetary allocations to sustain the research effort. There is little or no research on coffee, cocoa, and oil palm, but data are available from other West African countries with similar ecological conditions.

### *Forestry*

Liberia's timber industry ranks third in export earnings after iron ore and rubber. It is expected to be the leading economic growth sector in the next decade. Earnings from log exports doubled from $8.2 million in 1972 to $16.6 million in 1973. A 22% annual increase is foreseen, with annual exports reaching $39 million in 1978. About half of the country's 45 forestry concessions, which cover 9 million acres, is active. The available 250 tree species are suitable for all types of wood industries, including veneer, plywood, furniture, prefabricated structures, parquet blocks, and pulp and paper processing. The maximum exploitation of all Liberian timber acres on a sustained yield basis is presumed to be about 500,000 cubic meters, with an average of 25 years assumed needed for the major species to grow to size. Before 1975 logs were the principal forest export. However, in a move to increase timber exports, the Government has set minimum local processing requirements. As a result, some concessions plan to expand into veneer, wood paneling, prefabricated housing and paper manufacture. New investments in a plywood plant and sawmill facilities have taken place. In light of the changed markets conditions, the average stumpage fee is $18 per cubic meter.

**Timber Industries.**—Vanply of Liberia began sawmill operations in 1975 and plywood production in 1976. Vanply, a subsidiary of the Skelly Oil Company of Tulsa, Oklahoma, is located in Sinoe County near Greenville. It has 1.6 million acres of timber resources for its operation. The plant fits well into the Liberian Government's program to encourage development of the country's natural resources and expand timber exports. The plant's major structures include a power plant, sawmill, plywood factory, lumber drying, wookworking buildings, water treatment plant, and warehouses.

The Liberian Government has prescribed model concession arrangements with obligations as follows: Annual cuttings to be limited to sustained yield levels; scientific reforestation of the concession area, and processing in Liberia of progressively larger percentages of its timber harvest, ranging from 20% in 1973 to 100% in 1977.



### *Fishing*

Commercial ocean fishing is a growing activity carried out from Liberian ports. The substantial and steady increase in fish landings is largely due to foreign fishing boats unloading frozen fish for the Mesurado Fishing Company and the Liberian Storage Company. The Mesurado Fishing Company handles over 80% of the fish in the Liberian fish market. Over 95% of the total fish landed by Mesurado is frozen at sea, the bulk of which is purchased from Soviet and other fishermen.

Mesurado operates a shrimp fleet. The catch is processed and exported in frozen form. The industry continues to expand and the outlook is bright for increased production both for local consumption and export. Fishing and fish processing have already attracted substantial investment, but much remains to be done to develop Liberia's rich fish resources, especially tuna. Liberia also offers excellent potential for fresh fish culture and it has ample fresh water resources.

## Mining and Minerals

Mining is the most important single sector in Liberia's economy. The sector is dominated by iron ore (which accounts for 95% of GDP originating in the sector). Significant amounts of diamonds and gold are also produced. In 1971, employment in the entire mining sector is estimated to have been 11,248.

### *Iron Ore*

Iron ore accounts for approximately one-third of GDP and nearly two-thirds of Liberia's exports. Four companies are engaged in the production of iron ore, the Liberia Mining Company (LMC), the National Iron Ore Company (NIOC), the Liberian-American-Swedish Minerals Joint Venture Company (LAMCO J.V.), and the Bong Mining Company (DELIMCO). The Liberia Mining Company closed its Bomi Hills Mine in 1976. The depletion of the rich iron ore deposits made operations uneconomic. The volume of iron ore output is constrained by the capacity of existing mines. Consequently, after expanding very rapidly in the 1960s, total output has changed very little since 1969 when the most recent large scale investments were completed. Between 1969 and 1975 total production increased by less than 2%.

The Wologisi project entailing a total investment of about $1.4 billion is still under active negotiation. If agreement of this project can be reached by the end of 1977, a new mine with a potential annual production of 10 million tons will begin operations in 1982. DELIMCO is engaged in a $129 million expansion program, including a doubling of its pelletizing capacity to 4.8 million tons. LAMCO is installing a $13 million high intensity magnetic separator at Buchanan. In addition, LAMCO is expected momentarily to decide whether to proceed with its $125 million Tokadeh project. The iron ore deposits at Putu are being studied by a German-Japanese Consortium. There appears to be no interest in developing the Bie Mountain iron ore deposits at the present time. If both the Wologisi and Puta deposits are developed, iron ore output could increase by 100% over the 1975 level by the mid-1980's.

### *Diamonds*

Diamonds are mined in the Lofa River area. Data on total production are unreliable, as reportedly there is considerable smuggling of diamonds from Sierra Leone into Liberia. Of the $184 million worth of diamonds exported in 1975 (accounting for 4.7% of total exports) and the $13 million exported in the first 10 months of 1976, only a portion is believed to have been dug in Liberia. Although most diamonds are mined by individual prospectors, one American company, Globex Minerals (Liberia), Inc., has been working in the Lofa River area.

### *Gold*

Recent gold discoveries in the Lofa River area and the southwestern part of the country are being investigated.

***Table 5.—Direction of Liberia's Iron Ore Exports***

(In metric tons)

| Country | Tonnage |
|---|---|
| West Germany | 6,023,219 |
| Italy | 3,127,461 |
| United States | 2,174,868 |
| France | 1,870,293 |
| Netherlands | 1,162,781 |
| Belgium | 1,063,121 |
| Spain | 663,300 |
| Japan | 616,080 |
| United Kingdom | 494,169 |
| Czechoslovakia | 454,496 |
| Sweden | 280,450 |
| Austria | 272,040 |
| Rumania | 110,750 |
| Canada | 42,600 |
| East Germany | 15,660 |
| TOTAL | 18,372,288 |

Source: *External Trade of Liberia*, Ministry of Planning and Economic Affairs

### Other

An option agreement to Universal Mineral and Oil Ltd. is in process of ratification. The option period is for 2 years and the company plans to spend US$250,000 on offshore exploration. The option agreement gives the company has the right to apply for a concession to explore for and to produce petroleum. Previous petroleum exploration (offshore) has not been productive in spite of favorable geological formations. LAMCO has begun intensive surveys of mineral deposits in the areas immediately adjacent to its rail line.

The geological survey of the whole country is far from complete. Recent geological explorations have identified the existence of heavy mineral beach sands involving rutile, ilmenite, monazite, zircon, chromite, etc. In August 1973 a concession agreement was signed between the Government and the Liberian Beach Sands Exploitation Company to develop these heavy minerals along the Atlantic coast between the Cestos and Cavdlla Rivers.

## Utilities

### Power

Liberia's estimated annual power consumption is 700 million kWh. About half of the power generated is used by the mining companies. By African standards consumption per capita is high even after discounting electricity consumed by the concessions. The Liberia Electricity Corporation (LEC) supplies about 40% of the power consumed, the remaining 60% being supplied by the iron ore mining companies. LEC's installed capacity is 149 megawatts (MW), consisting of 69 MW hydro capacity (46%) and 81 MW thermal capacity (54%). The mining companies, together with small privately-owned installations, have an estimated capacity of 150 MW. The main centers of population and power loads are Monrovia, the capital; Buchanan, an important port; Robertsfield; and Bong Mines and Tubmanburg (mining centers). The Monrovia system is the main source of public power. The LEC also operates seven secondary centers in rural areas that generate 5% of the country's total output. All non-hydroelectric power is generated from imported petroleum or its derivatives. Half of the power supplied to Monrovia comes from the Mt. Coffee dam, Liberia's only hydroelectric power plant, in the St. Paul River. Other rivers with hydroelectric potential are the Cavalla, the St. John, the Mano, and the Cestos. Studies are under way for a joint Liberia-Sierra Leone project on the Mano River and the Liberia-Ivory Coast plant on the Cavalla River. The World Bank has extended two loans to the LEC for power facilities. They will pay for expansion of the Mt. Coffee hydroelectric plant and the addition of two gas turbines to the Bushrod Island thermal power plant near Monrovia.

### Water Supply

An estimated 15% of the population has access to piped water in the major towns and the concession areas. The present supply to Monrovia is supplied by the St. Paul River system. Water supply systems have been constructed in two towns (Greenville and Harper) and six other town systems are under study. In 1973 the African Development Bank approved a loan to the Liberia Water and Sewerage Company (LWSC) for improvements to the transmission mains and expansion of the treatment works for Monrovia. The loan also provides for improvements to the distribution system and for the engineering of a long-term development program.

## Manufacturing

The manufacturing sector contributes about 5% of GDP. Real growth in the sector averaged 10% a year during 1964–72. This rate, however, disproportionately reflects the establishment of the petroleum refinery in 1969. The bulk of the sector's output is sold domestically. Exports of manufactured goods account for a small proportion of output, although exports of processed fish and wood products are growing in importance. The domestic market is small and industries largely have been limited to import substitution, such as petroleum refining, cement, food and beverages, construction materials, clothing, and furniture. Although many of the major establishments are owned by foreigners, the number of Liberian entrepreneurs is increasing. Most industries are privately owned. Recorded employment in manufacturing (1,700 in 1973) is low.

In its first National Development Plan covering the period 1976 to 1980, the Government gives priority to increased processing of local raw materials such as timber, rubber, and agricultural products. As the scope for import substitution is limited, the Government is encouraging production and assembly industries especially for export. Import substitution industries such as clothing, furniture, utensils, and building materials, would be largely left to small-scale enterprises. The planned $17 million public investment in manufacturing is intended largely for infrastructure projects. These include the projected Industrial Free Zone and further development of Monrovia Industrial Park and industrial estates in rural areas. The Government plans to continue to rely heavily on private investment in the industrial sector.



As the mining sector has few long range growth prospects, Liberia's development plan calls for investment in other sectors that offer greater opportunities for Liberian participation. The best opportunities for such development are in rubber and wood processing and in agriculture-based and other export-oriented industries.

Small-scale enterpreneurs have not been as numerous in Liberia as in most other West African countries. Carpentry, jewelry making, tailoring and cement block making are predominant activities. The number of small businesses is expected to increase as a result of the Liberian Government's encouragement of import substitution industries in the small business sector.

## Insurance

The principal insurance companies in Liberia include Intrusco Corporation, the Insurance Company of Africa, La Fondiaria, and American Life.

Intrusco, a subsidiary of the International Trust Company of Liberia, operates a wide range of insurance activities, such as automobile, workmen's compensation, general liability, marine, aircraft, and life. It also acts as general agent for a number of foreign insurance companies, including the Insurance Company of North America.

The Insurance Company of Africa began operations in 1971 with an initial capital subscribed by the International Trust Company of Liberia and the Insurance Company of North America and with equity participation open to Liberian citizens.

La Fondiaria is an Italian organization.

American International, a division of American International Underwriters, New York, N.Y., also is active in Liberia.

## Transportation and Communications

### Aviation

Liberia is served by 12 scheduled international carriers from Roberts International Airport (RIA) which is located some 40 miles from downtown Monrovia. Major improvements have been made recently to RIA and a new terminal building is scheduled for completion in 1977. Pan Am offers four to five (depending on the season) flights weekly from New York en route to other African cities and the same number of return flights. Pan Am also offers once weekly all-cargo service each way. European carriers offer service to and from Europe, with at least one flight every day. Scheduled flights connect Monrovia with Liberia's West African neighbors. The Government-owned Spriggs-Payne Airport is located within the city limits of Monrovia. It serves the most important of Liberia's domestic airfields on a regularly scheduled basis. It also offers charter services, as do two air taxi companies located at Spriggs. Air Liberia, the national airline, holds service rights on a number of international routes. It is considering the purchase of jet aircraft for regional use. RIA is managed by Pan American, which also has nominal responsibility for Spriggs-Payne and other airports.

### Railways

The country's 300 miles of railway are owned and operated by the iron ore concessionaires. The three unconnected rail lines run from Yekepa (Nimba), to Buchanan, Mano River-Tubmanburg to Monrovia, and the Bong Mountains to Monrovia. The primary function of the rail lines is to transport iron ore to the coast for export and to carry equipment and supplies to the mining companies. The Nimba-Buchanan line is also utilized to haul timber to the port for shipment abroad.

### Roads

Of Liberia's 4,200-mile road network, 325 miles are paved. The rest are all-weather laterite and dry-weather farm-to-market roads. The Ministry of Public Works (MPW) is responsible for highway administration, construction, and planning. The development of most rural and farm-to-market roads is carried out by the Ministry of Agriculture in connection with rural projects, by the Ministry of Local Government, Rural Development and Urban Reconstruction, and by the Action for Development and Progress Agency.

Under the $40 million 5-year (1973–77) road development program emphasis is on upgrading and maintaining the Monrovia-Cape Palmas primary road and constructing vital links to Lofa and Montserrado counties. The program also provides for acquisition of equipment and training of technicians.

### Ports

Liberia has four major ports that handle the bulk of its international trade. Approximately 25 million tons of cargo pass through these ports annually. The Monrovian Free Port accounts for 70%

of the country's general cargo imports and exports, all of its petroleum imports, and more than half of its ore exports. The remaining ore is shipped through LAMCO's facilities at Buchanan. Rubber is shipped through Monrovia in both solid and liquid form. Greenville and Harper are the export centers for timber which also is shipped from Buchanan.

The country's principal port is an artificial harbor constructed at Bushrod Island next to Monrovia. The harbor is formed by two rock breakwaters extending a mile out from shore, enclosing 750 acres of protected water. The depth of the port itself is 38 feet.

Dredging operations have increased the depth of the entrance and approaches outside the breakwaters to 47 feet and 49 feet, respectively. Port facilities include some 2,000 feet of general cargo wharf, five berths for loading ore, a fishing pier and a tanker berth. Warehouse and storage space cover 1.6 million square feet and include oil and latex storage tanks and privately operated cold storage facilities. Monrovia's port equipment includes a 50-ton capacity steam whirly crane, 10 to 25 ton capacity mobile cranes, 5-ton capacity carrying cranes, numerous fork lifts, several towing tractors, and trailers. Buchanan, Liberia's second major port, is an artificial port similar to that of Monrovia and provides a sheltered harbor. It was constructed and is owned by one of the mining companies primarily for the shipment of iron ore. The port can accommodate ore carriers of up to 75,000 deadweight tons (DWT) at a quay 845 feet long with a draft of 42 feet. A 1,000-foot quay is used for commercial cargo handling. Rail access and storage areas are available.

Greenville and Harper are smaller Government-owned ports utilized primarily to export agricultural products and timber. Greenville is a moderately sheltered circular harbor about 2,000 feet in diameter with a water depth of 25 feet and a 590-foot long quay. It can accommodate ships of up to 7,000 gross registered tonnage (GRT) with a draft up to 21 feet. Port facilities include two warehouses, a tug boat, a 10-ton capacity mobile crane, and several forklifts of 12, 5, and 3-ton capacities. Harper has a 180-foot pier and will accommodate ships up to 18-foot draft. It has two small warehouses and a gasoline storage area. The port has light equipment for general cargo handling. Ocean vessels are unloaded by lifters.

Major shipping lines, including Barber West African Line, Delta Line and Farrell Lines, furnish frequent service between Liberian and North American ports. About 12 lines provide service between Liberia and Europe, the Far East, and other parts of the world. Several lines offer coastal service to other African ports and limited service between Liberian ports.

### *Telecommunications*

Liberia's telecommunications network consists of telephone, radio, television and international microwave and satellite systems. An American firm installed and equipped the radio network with transmitter, receivers, towers, antennas, and power supply in the 1960's.

**International.**—The transmitter site for the international communications network is located in Paynesville. French Cables Company, equipped with two transmitters, provides telephone and telegraph circuits to Paris. Liberia Telecommunications Corporation (LTC) operates five Technical Material Corporation (TMC) 10 kW transmitters, one RCA and one TMC 1 kW transmitter, all of which are used on international circuits. Another transmitter serves ship-to-shore communications. Established international circuits provide telephone links to New York, Rome, Frankfurt, Stockholm, Freetown, and Lagos. In 1976, ITALCABLE in a joint venture with the Liberian Government installed and currently operates a non-standard satellite ground station in Monrovia to tie in with the international satellite communication system. Although capable of television transmission, the station is used for international telephone and telex. The Liberian Government presently is considering upgrading the installation to a standard station. Liberia also is cooperating with neighboring countries in linking up with the Pan American Telecommunications System.

**Telephone Service.**—A 50% backlog demand exists for telephone service. Forecasts indicate this demand will more than quadruple, from 3,000 telephones in 1972 to 13,000 by 1980.

**Radio and Television.**—Liberia's only television station, ELTV, and the country's only radio station ELBC, are State-owned by the Liberia Broadcasting Corporation but operate on a commercial basis. ELBC is planning a $3.5 million expansion and modernization of its radio and TV capability in 1977 by acquiring new transmitters and other equipment and constructing new studios.

ELTV generally transmits for 4 hours nightly, covering Monrovia and its environs for a radius of 30–75 miles. Over 5,000 sets are presently in use with an estimated audience of 45,000. Radio ELBC provides blanket coverage of Liberia and English-speaking Sierra Leone. It can be heard in



portions of Ghana, Guinea, Ivory Coast, Guinea-Bissau, Senegal and Upper Volta. There are approximately 150,000 receivers in Liberia with 500,000 listeners. ELBC broadcasts from 5:30 a.m. to 10 a.m. and from noon to midnight daily except Sunday. On Sundays transmission is continuous from 6:30 a.m. until midnight.

## Distribution and Sales Channels

### *Distribution Centers*

The urban centers, the prime markets for imported manufactured goods, are concentrated along the coast, the main roads to the interior, and near the large iron ore and rubber concessions. Although overall population density is relatively low (approximately 30 persons per square mile) the figure is as high as 150 in the cities. Major centers and their estimated populations (as of 1976 census) are Monrovia 204,000; Harbel and Harbel Plantation 60,000; Buchanan 25,000; Yekepa (Nimba) 16,000; Harper and Harper Plantation 14,000 and Greenville 10,000. Other towns generally have fewer than 4,000 inhabitants. The foreign residents are distributed similarly, with 9,000 living in Monrovia.

Although Liberia's per capita income ($481 in 1975) is high by African standards, income and purchasing power are not evenly distributed. They are highly concentrated in the major urban centers. Approximately 10% of the population is employed in the monetary economy. Over 70% of the total work force is engaged in agriculture, primarily on a subsistence level, and is only marginally attached to the monetary economy. The remainder is employed in the major concessions.

Monrovia's market characteristics and unique position make it the focal point for firms seeking to enter the Liberian market. Monrovia is the country's largest city, the national capital, chief seaport, chief free port, and commercial manufacturing center. The population of Monrovia represents most of Liberia's purchasing power. It is comprised of a high proportion of the city's wage earners, foreign residents, and Government leaders. Almost all of the major enterprises in Liberia have offices in Monrovia which can serve as initial points of contact with the extractive operations in the interior. In addition, Monrovia is the national wholesale and retail distribution center. Thus an association with one of the leading importers/wholesalers in Monrovia can lead to wide product distribution throughout Liberia.

### *Distribution Channels*

The major import channel for suppliers wishing to enter the Liberian market is the large or medium-sized, predominantly foreign-owned, trading house. About 30 of the more important of these companies are also represented in other West African countries. An exporter may gain broader market exposure by dealing with one of these firms. The principal trading houses generally handle a wide variety of goods, ranging from food products and radios to automobiles and industrial equipment. In many cases importers prefer to hold exclusive agency rights for the various non-competing lines they handle. This is not a handicap because of the small size of the market.

On occasion the Liberian Government has granted import monopolies to individual traders. The largest commercial establishments often are subsidiaries of foreign companies, including a number of U.S. interests. This situation results in a relatively stable line of business for many importers, particularly in such areas as technical equipment where after-sales servicing is an important factor requiring the training of technicians and the stocking of spare parts. Middle Eastern and Asian merchants appear less hesitant to change their sources of supply as they do not have close links with a specific industrial country. With respect to foodstuffs and other non-durable consumer items, price, quality and other purchase criteria are often more essential in introducing new products. Although the larger import houses have tended to concentrate on wholesale functions, many of them also have retail outlets in Monrovia and branch stores in several other population centers. Increasingly, these companies are specializing in capital equipment and consumer durables, leaving most non-durable consumer items to the smaller importer-distributor. At present there are large firms specializing in earthmoving vehicles and related machinery, household appliances, furniture and furnishings, food products, and consumer goods suitable for supermarket sales. A number of small merchants specialize in textile imports and sales.

Sales to the large, foreign-owned mining and rubber concessionaires present an additional import channel. These companies purchase their industrial equipment and supplies as well as consumer goods for their employees, either directly or through subsidiary trading companies that may also serve the general public.

### *Webb-Pomerene Act*

In appointing an exclusive representative in Liberia, the U.S. exporter is legally entitled to

certain exemptions from U.S. antitrust laws. The Webb-Pomerene Act allows a limited exemption from anti-trust laws for direct exports by allowing exporters to agree on prices, sales terms, territorial division, and other activities in export trade which would be prohibited in U.S. domestic commerce. More information on the Webb-Pomerene Act is available from the Foreign Business Practices Division, Office of International Finance and Investment, U.S. Department of Commerce Washington, D.C. 20230.

## Trade Regulations

### *Trade Policy*

Foreign concessionaires may be exempted from payment of duties and other customs charged by imports required for the construction, maintenance, and operation of their projects (see Investment section). The Government's trade policy complements its current program for expanded agricultural production and industrialization. Business in Liberia is entirely free of foreign exchange regulations.

### *Duties and Taxes on Imports*

Liberia has a single-column tariff with no preferential or differential rates. The value for ad valorem duty in Liberia is c.i.f. The net weight of merchandise on which a specific duty is prescribed is the weight of the article without internal packing. Specific duties apply to foodstuffs, beverages, petroleum products and certain rubber and textile products. A luxury tax in addition to the customs duty is levied on cosmetics and perfumes, luxury jewelry articles, beer and malt beverages, alcoholic beverages and cigars and cigarettes. In some cases the luxury tax is assessed on a specific basis; in other cases it is 20% ad valorem.

### *Export Duties*

Liberia taxes exports of precious metals and stones and ivory ad valorem as follows: Gold, other precious metals and minerals, unrefined, 15%; refined, 10%; diamonds other precious stones, rough or uncut, 16%; cut and/or polished, 10%; ivory manufactured, per pound, 10%. There is an export sales tax on rubber of 1, 1.5 or 2 cents per pound depending upon the selling price.

### *Tariffs*

Under the Tariff Schedule of the Republic of Liberia, 1974, customs duties fall into the following categories: 75% on luxury goods, 40% on other consumer goods, 11% on raw materials, and 5% on capital goods. Under the Investment Incentive Code, additional tariff protection may be granted to approved projects. The additional tariff is at least 5% and can be as high as 25%. In some cases quantitative restrictions also have been imposed. The level of tariff protection usually is not determined until the enterprise is in operation.

### *Licensing*

Import permits are required for firearms, ammunition and explosives, medicines, narcotics and dangerous drugs, live animals, plants and used clothing. Import licenses are required for pork and pork products and matches.

### *Entry and Transit of Goods*

The Free Port of Monrovia is operated in much the same way as free trade zones in U.S. ports. Goods may be delivered for domestic consumption, warehousing, transit, or transshipment. Entry of goods into the Liberian customs territory must be accomplished within 7 days after the goods are unloaded to avoid assessment of storage charges. Ammunition, dynamite, and other explosives will be confiscated unless they are cleared through the port immediately following offloading.

Transshipment of goods may be made under bond or may be transferred from one ship to another in the free port for transshipment under a permit issued by a collector of customs. No duty is payable on foreign merchandise unloaded for transshipment that does not enter the Liberian customs territory.

Prohibited goods may not be unloaded for any purpose. Foreign goods that have entered the Liberian customs territory may be reexported upon application to a collector of customs, but only 60% of the duty paid will be refunded.

Foreign merchandise may be released from the free port area for transit overland to another country upon the written authorization of a Collector of Customs. Similarly, foreign goods may be brought in transit into the free port for reexport from Liberia. While goods in transit are not subject to import or export duties, all handling charges and warehouse costs must be paid before shipment is effected.

### *Storage and Unclaimed Goods*

There are bonded warehouses and other storage facilities inside and outside the free port. Space may be leased from the National Port Authority for storage, assembly, or manufacturing operations, as well as from private warehouse operators for storage and cargo-handling operations. Charges for storage and handling in the free port are calculated on a cubic tonnage basis and vary according to the type of goods. The storage rates applied to goods being transshipped are lower. Goods unclaimed or abandoned in the free port are subject to auction.

### *Samples and Advertising Matter*

Bona fide samples having no commercial value are admitted duty free, but must be marked, mutilated, or perforated in such a manner as to prevent their sale. Advertising matter, such as catalogs, brochures and posters, imported for display purposes only are admitted duty free. The article or its container should be marked "Free Sample" or "Free Specimen." The address side of the package should be marked "Sample of Merchandise." Advertising articles such as ashtrays, cigarette lighters, hats, pens, mechanical pencils, playing cards, and drinking glasses are subject to duty, even though they bear the name of a product or firm.

### *Shipping Documents*

Documents required by Liberian customs authorities on shipments from the United States are bills of lading and commercial invoices. Shipping marks and numbers on bills of lading must correspond exactly with those of the invoices and on the goods. No special invoice or consular forms are required.

### *Marking, Labeling and Packaging*

Merchandise imported into Liberia is not required to show the country of origin. However, the packaging of most consumer goods must be accompanied by a descriptive text in English. Crates must bear clear, distinctive and indelible marks and numbers, and places of destination that agree with the invoice and the ship's manifest. All goods should be securely packed and wrapped in waterproof covers to withstand excessive tropical heat, moisture, rough handling, and pilferage. West African importers recommend that American shippers avoid the use of thin cardboard or plywood containers because they are readily damaged if exposed to the elements. Most goods entering Liberia by sea must be transported by rail or truck for distribution or transshipment. To insure safe arrival at destination, all packages should be of sturdy construction, properly supported, and banded on the outside with steel strapping. A separate packing list showing packing detail, description of goods, weights, marks and numbers should be attached to the Liberian commercial invoice as there normally is insufficient space for such detail.

## Government Procurement

With certain exceptions noted below, procurement practices of the Government of Liberia are handled on a decentralized basis by the individual departments or agencies. However, purchase requests must be approved by the Bureau of General Supplies before presentation to the Bureau of General Accounting. The General Services Agency (GSA) has responsibility for government procurement. Government procurement of medical and pharmaceutical products is either handled through bids solicited from foreign firms or directly from local suppliers of imported goods. Semi-autonomous government agencies such as public utility corporations do their own purchasing, either from local wholesalers or directly from overseas suppliers. These public companies usually issue invitations to bid on major purchasing requirements.

Although purchases are made from local wholesalers whenever possible, there are significant sales opportunities for U.S. suppliers. The Liberian Government's use, as a general rule, of U.S. specifications gives American manufacturers an advantage in selling to the Government. However, this factor does not eliminate the desirability of some type of representation in Liberia to maintain contact with the GSA and other agency officials who make buying decisions.

## Commercial Practices

### *Quotations and Terms of Payment*

Price quotations are usually requested on a c.i.f. basis in dollars by Liberian importers. In well-established trade relationships with larger firms, most import transactions, including those with American suppliers, are conducted on a 60 to 90 day sight draft basis. Interest is charged at an effective rate of 10% to 12% per annum. Products from Eastern Europe are imported on a straight sight draft (i.e., no delayed payment). Importers do not pick up sight drafts until arrival of the goods at the port of Monrovia. Some American exporters require irrevocable letters of credit, a

procedure that is recommended in new trade relationships with all but the largest firms. In certain cases, credits available through the U.S. Export-Import Bank can make quotations more competitive with those of third country suppliers. Payments by the large, foreign-owned firms are often handled through the parent companies. In nearly every instance, import transactions with Japan, Hong Kong, and Singapore are on the basis of irrevocable letters of credit. Some Japanese products, particularly motor vehicles, are imported on open account (i.e. on consignment).

### *Pricing and Markup*

The cost and time involved in shipping to Liberia has resulted in a situation of high markups on imported goods. Generally, markups are greater on consumer durables than on food and beverages and rise as distances from Monrovia increase. In some cases low-priced imports may retail at several times their landed cost to counterbalance those product lines that are sold below cost to induce quick turnover. In an effort to hold down prices, the Government has established price controls on a number of the most widely used imported foods. These controls are enforced by the Minister of Commerce, Industry and Transportation.

## Credit

Credit is widely used in Liberia with commerce and manufacturing receiving a large proportion of commercial bank credit. Lending arrangements range from the usual commercial methods such as open account, letters of credit and shortterm bank financing to complex and informal credit relationships based on personal acquaintance among the different levels of trading and their customers outside of the banking system. As most Liberian banks borrow from foreign sources to supplement their loanable resources, interest rates reflect those prevailing in the New York and Eurodollar markets. The Export-Import Bank of the United States and the Foreign Credit Insurance Association offer a full range of loans and credit insurance for exports of U.S. products to Liberia.

To assist U.S. exporters in formulating sound credit policies applicable to local markets, credit information on individual Liberian firms is available through the World Traders Data Reports (WTDR's) service. The WTDR's which are compiled by the U.S. Foreign Service, are available from the Export Information and Services Division 976, U.S. Department of Commerce, Washington, D.C. 20230, for $15 for each company on which a report is requested. Credit information may also be available from private agencies. Some of the principal U.S. sources include Foreign Credit Interchange Bureau, National Association of Credit Management, 229 Fourth Avenue, New York, New York 10003; American Foreign Credit Underwriters Corp., 253 Broadway, New York, New York 10007; and Dun and Bradstreet, Inc., 99 Church Street, New York, New York 10007.

Credit information also may be available from the following banks located in Monrovia in which U.S. banks have interests: First National City Bank (Liberia) (Citibank); Chase Manhattan Bank; The Bank of Liberia (Chemical Bank of New York); and International Trust Company of Liberia (International Bank, Washington, D.C.).

## Market Research and Trade Organizations

Market research techniques have not been widely developed in Liberia; however, their use is gradually becoming more important. Large trading firms occasionally conduct limited market surveys for specific products, usually in cooperation with their suppliers. Several local advertising agencies conduct market research and consumer services. Liberian banks also will provide assistance in market research and these services are frequently available in the United States through correspondent arrangements. U.S. banks which have interests in Liberia are listed in Appendix A.

There are several business organizations in Monrovia, including the Liberia Chamber of Commerce, the Junior Chamber of Commerce, and the Monrovia Marketing Association, which may be able to furnish market information and can put suppliers in contact with their members. (See Appendix B for addresses). An American Businessman's Association that was organized in late 1976 works closely with the Commercial Section of the U.S. Embassy. The *Liberian Journal of Commerce and Industry*, an official Liberian publication, contains information and data pertaining to the Liberian economy but is issued only sporadically. Other government publications issued from time to time deal with specific topics of economic and commercial interest.

## Advertising

While advertising is not as widely utilized in Liberia as in the United States, its use is growing as the money economy expands. Most major advertising media are available in Liberia, and a multimedia approach is generally considered the most effective in gaining acceptance for new products. Advertising campaigns are desirable and are used extensively in introducing certain consumer goods to the market. In the case of the more expensive and technical items, local distributors are often reluctant to carry new products without promotional support from their suppliers. Publicity should be simple and direct, concentrating on the product's benefits or prestige rather than its technical characteristics. Items should not appear to be specifically designed for the African market, as such goods often are regarded as inferior to articles sold in the United States or Europe and do not sell well in Liberia. Acceptance of a product by leaders of the high-income group will often lead to wide acceptance in urban areas.

### *Printed Materials*

Advertising is generally confined to the press in Monrovia, all of which is in English. This includes one daily, the *Liberian Star*, published by the Star Publishing Company Monday through Friday, and semi-weekly *Liberian Age*, published by the ruling True Whig Party on Tuesday and Friday, and the weekly *Sunday Express.* Each newspaper has an estimated circulation of 5,000. The Government also publishes mimeographed news sheets in outlying areas, and missionary and other private groups publish small local papers. Leading American and European news magazines are read widely by the expatriate community and by Liberians in government, business, and professional circles. The *International Herald-Tribune* also is available at Monrovia's newsstands and at supermarkets and book stores. Pictorial magazines directed toward West Africa, such as *Drum, Flamingo* and the African edition of *Ebony*, are popular as are such publications as *West Africa* and *African Development* (published in London). Various business directories which carry advertising are published locally from time to time.

Journals in which exporters may wish to place ads include the *Dictionary and Who's Who*, published by A&A Enterprises, Inc., P.O. Box 103, Monrovia; and the *Liberian Trade and Industry Handbook*, P.O. Box 1498, Monrovia.

### *Radio, TV and Motion Pictures*

The country's radio and television are dependent on advertising revenue. Due to widespread illiteracy in the country, the broadcasting media are important means of reaching consumers, especially those living outside Monrovia. There are three classes of radio time, "Premium", "AAA", and "AA"; advertising rates very accordingly. Inquiries concerning radio or TV advertising should be addressed to General Manager, ELBC/ELTV, P.O. Box 594, Monrovia, Liberia. Liberia has 23 movie theaters that accept advertising. Seven theaters in Monrovia have a combined seating capacity of over 6,000 and 17 in the larger towns and major iron ore and rubber concession enclaves have a total capacity of 5,500.

### *Other Media*

Other types of advertising that should not be overlooked include billboards, posters, transportation displays, and point-of-sale advertisements and demonstrations. Of these, point-of-sale demonstrations, such as food product sampling held in supermarkets, have proved highly effective, Flyers, either distributed by hand or as newspaper inserts, are also used.

## Investment

### *Investment Climate*

The climate for investment in Liberia is one of the most attractive in Black Africa. Liberia has long been famous for its "Open Door" policy toward foreign investment first proclaimed by the late President William V.S. Tubman and reaffirmed by President William R. Tolbert, Jr. Liberian laws of incorporation are simple and favor foreign investors. Liberia uses the American dollar as its currency and there are no restrictions on repatriation of profits or capital. Tax holidays and tariff exemption and sometimes tariff protection are granted to new investments under Liberia's Investment Incentive Code in activities considered economically desirable by the Liberian Government. Special "concession" agreements have been negotiated between the Government and important foreign investors, particularly for iron ore mining, rubber production, and timber exploitation, which together account for almost 90% of the total value of Liberian exports. The concessionaires and the Government are currently engaged in renegotiating the original contracts to bring them more in line with currently acceptable standards. This means a reduction in some of the privileges formerly enjoyed by the concessionaires. The Government's goal is an effective 50% share, through taxation or equity participation, in the profits of the operation. Although there are no known laws or reg-

ulations governing the use of local raw materials and other inputs, such use is obviously encouraged and might well figure in negotiations between the Liberian Government and a potential investor seeking incentives and privileges.

**Legislation.**—U.S.-Liberian relations are formalized in the Treaty of Friendship, Commerce and Navigation of 1938. The United States and Liberia also have concluded an Investment Guarantee Agreement that makes available the investment services of the U.S. Overseas Private Investment Corporation (OPIC) to those U.S. investors approved by the Liberian Government. OPIC extends its full range of services to Liberia and has about $46 million in active maximum coverage insurance. Liberia is a signatory to the Convention on the Settlement of Investment Disputes Between the States and Nationals of Other States.

The main instrument of Liberia's "Open Door" policy is the Investment Incentive Code, which was introduced in 1966 and essentially amended in 1973. In the case of new industries, the code provides for exemption from customs duties, tax levies and other charges for the following: (a) approved imports of construction machinery, equipment and materials necessary for the provision of facilities for the enterprise, (b) raw, semi-processed or processed materials required in the manufacture of articles by the approved investment project for a period of 5 years from the first importation.

Under the revised code, the total cumulative new income exempted from taxation is generally limited to a maximum of 150% of the total capital investment at the time production is begun. Capital investment includes the cost of land, buildings, and equipment, as well as unamortized intangible exploration and development costs.

Other benefits include provisions for certain technical assistance, the possibility of Liberian Government loans or equity participation, and leasing arrangements of Government-owned land in industrial parks within the city of Monrovia. Benefits and incentives are negotiable with the Government of Liberia, and are granted upon application to the Ministry of Commerce, Industry and Transportation after review and approval of an inter-agency concession board.

### *Foreign Investment*

Private foreign investment has figured prominently in the economic development of Liberia. The large rubber plantations are owned by foreign companies. Many commercial and nearly all banking operations are financed and managed by foreigners—Lebanese, Americans, Swedes, Germans, Italians, Dutch, Israelis, and others. The four iron ore mining ventures are primarily owned and operated by American and European interests with some equity held by the Government of Liberia and individual Liberians (the arrangements vary from company to company).

**U.S. Investment.**—The U.S. Department of Commerce estimated 1975 U.S. investment in Liberia to be $303 million, distributed as follows: Manufacturing, $56 million; chemicals and allied products, $3 million; trade, $8 million; finance and insurance, $33 million; and other industries, $64 million. Figures on the mining sector are not published.

## Industrial Property Protection

Liberia is not a member of the International Convention for the Protection of Industrial Property. However, the U.S.-Liberia Friendship, Commerce and Navigation Treaty guarantees in part the rights of property ownership and lease protection under the law; noninterference in professional, scientific, religious, philanthropic, manufacturing and commercial activities subject to local laws; and equal status with Liberians in regard to taxation, judicial proceedings and protection.

### *Copyrights*

Liberia is a signatory of the Universal Copyright Convention. Application for copyright of a literary, scientific or artistic work must be made to the Liberian Ministry of Foreign Affairs. The author of a work copyrighted in Liberia has exclusive lifetime rights and his heirs have exclusive rights for 20 years after his death to reproduce, sell or authorize reproductions, and to forbid the sale in Liberia of reproductions made abroad without permission. Further general information on industrial property and copyright protection can be obtained from the Foreign Business Practices Division, Bureau of International Economic Policy and Research, U.S. Department of Commerce, Washington, D.C. 20230. Information related to step-by-step procedures on fees, documents etc., however, should be obtained from legal counsel.

### *Patents*

Patents are obtained by making a written application to the Bureau of Archives, Patents, Copyright and Trademarks in the Ministry of Foreign Affairs. Any alien receiving a patent



must put it into active operation within 3 years from the date of issuance or abandon it to the public. Every patent contains a grant of a term not exceeding 20 years to the applicant and the heirs, administrators, executors or assignees.

### *Trademarks*

Applications for trademarks must be made to the Ministry of Foreign Affairs. Trademark protection is granted for 15 years and may be renewed upon application for a second 15-year period. A proprietor of a trademark may rectify or alter it upon filing notice in the Ministry of Foreign Affairs within 3 months from the date of registration. Rectification or alteration that materially alters the original design or causes the altered trademark is considered an original trademark. A trademark may be assigned or transmitted. Use of a trademark without the express consent of the proprietor is a civil offense.

## Business Organization

The types of business organization most common in Liberia are similar to those in the United States. These are corporations, individual proprietorships, and partnerships. The Liberian Corporation Law and other business laws fail to provide specifically for the establishment of branch offices. Most foreign firms, however, will find it advantageous to organize as a corporation in Liberia, as domestic corporations that are more than 50% owned by foreign interests enjoy a number of important corporate and tax advantages.

Sole proprietorships, with the exception of those with assets of under $500, are required to pay a flat fee of $100 a year. Regardless of size, corporations pay annual fees of $200.

Foreign enterprises in Liberia include individual proprietorships in trading and services, joint ventures, major industrial and agricultural projects under Government concessions grants; and architectural, engineering and construction operations working under Government and private contract. A high percentage of firms, particularly those in trading, are wholly-owned by foreign companies or nationals. U.S. business interests in Liberia are engaged largely in mining, industrial and agricultural ventures, marketing and distribution, banking, insurance, shipping and construction contracting, and engineering and architectural services.

## Taxation

Liberia tax laws are applicable to citizens and aliens alike.

### *Corporate Taxes*

Liberia assesses a progressive tax on the net income of every domestic corporation, incorporated association, joint stock company, and insurance company, as well as on the income of those firms existing under foreign law and doing business in Liberia. No statutory deductions from gross income are allowed, but corporations may claim ordinary deductions of necessary business expenses, uninsured business losses, other taxes paid, reasonable amortization and depreciation allowances and charitable contributions not to exceed 15% of net income. Net income is taxed according to the following table:

| Net Income | Percentage Tax Rate |
|---|---|
| $ .01 to $ 5,000.00 | 5 |
| 5,000.01 to 10,000.00 | 10 |
| 10,000.01 to 20,000.00 | 15 |
| 20,000.01 to 50,000.00 | 20 |
| 50,000.01 to 75,000.00 | 25 |
| 75,000.01 to 100,000.00 | 30 |
| 100,000.01 to 500,000.00 | 35 |
| 500,000.01 to 1,000,000.00 | 40 |
| Over $1,000,000.00 | 45 |

### *Personal Income Tax*

Net income of both individuals and partnerships is subject to a progressive tax ranging from 2 to 35%. Both are allowed a statutory deduction of $1,500 from gross income, as well as certain ordinary deductions similar to those allowed under U.S. income tax laws. Liberian law provides that every employer be responsible for the withholding of income tax from the wages, salaries, or other compensation of employees and for the payment of such taxes to the Bureau of Internal Revenue, Department of Treasury. Net income is then taxed according to the following rates:

| Net Income | Percentage Tax Rate |
|---|---|
| $ 0.01 – $ 1,500 | 2 |
| $ 1,500.01 – 4,000 | 4 |
| 4,000.01 – 6,000 | 6 |
| 6,000.01 – 8,000 | 8 |
| 8,000.01 – 10,000 | 10 |
| 10,000.01 – 20,000 | 15 |
| 20,000.01 – 50,000 | 20 |
| 50,000.01 – 75,000 | 25 |
| 75,000.01 – 100,000 | 30 |
| Over 100,000 | 35 |

Ordinary deductions for individuals include payments of interest on indebtedness and of

other taxes, all losses not covered by insurance, and contributions to charitable or philantropic organizations.

### Other Taxes

Other taxes include: Import and export duties (see above under Trade Regulations); a real estate tax of 0.5 to 1% of the assessed value of buildings; a realty lease tax of 10% of the annual rental; a stumpage tax of lumber; an export tax on diamonds; various revenue stamps for a variety of documents, business and professional licensing fees and various excise taxes registration fees on vehicles and tonnage fees for vessel registration.

The United States does not have a tax treaty with Liberia. Under U.S. law, however, American companies operating in Liberia may claim a credit against U.S. taxes due for the taxes paid to Liberia. In addition to the ordinary business deductions, Liberia provides important exemptions for domestic corporations in which aliens or nonresidents of Liberia hold majority voting rights. Such corporations are exempted from tax on income derived from sources outside the Republic of Liberia—unless from the sale of goods grown, produced, or manufactured in whole or in part within the Republic; business transactions, including insurance, in foreign commerce not involving Liberian products; income from the sale of any property, real or personal, tangible or intangible, which is not physically within the Republic of Liberia, or which is held in custody in Liberia by a domestic bank or trust company; earnings from the operation of Liberian-documented vessels not engaged for the operation of Liberian coastal trade (applies both to alien-owned domestic and to foreign corporations); and interest received on tax-exempt obligatins of the Republic of Liberia.

All income tax returns must be filed with the Collector of Internal Revenue not later than April 1 of the year following the end of the tax year on December 31. Alien-owned Liberian firms earning all their income from sources outside of Liberia are not required to file income tax returns.

### Iron Ore Profit Sharing

The Liberian Government shares in the profits-in-lieu-of-income-tax receipts of the four iron ore mining companies. The oldest of these companies now shares its profits with the Government on a 50-50 basis. The single exception applies to Bethlehem Steel's one-quarter share.



## Employment

The total Liberian labor force is estimated to be 600,000. Within the monetary economy the labor force numbers about 120,000 and approximately one-half is employed in agriculture, mainly in rubber plantations. The Government is also a significant employer. While productivity varies with the type of work performed, it tends to be low among industrial and clerical workers. Unskilled laborers and drivers maintain a higher productivity level. It has been calculated that productivity of all workers is about 40% of that of workers in the United States. In the private sector aliens dominate the managerial, administrative, and most skilled positions. Liberians are expected to become more numerous in such positions.

### Payments and Benefits

Laws exist establishing maximum hours of work, paid vacations, workman's compensation, medical care, retirement, restrictions on the employment of aliens, and control of labor unions. The normal work week is five 8-hour days. The minimum wage is established at 15 cents an hour for "industrial" workers and 12.5 cents an hour for agricultural workers.

Fringe benefits vary greatly with the industry and the employer. Industrial workers sometimes receive transportation and lunch money. Plantation workers receive a full range of benefits, including housing, medical care, subsidized food, and sometimes scholarships for their children. Fringe benefits range from zero to 33% of a worker's wages.

### Labor Organization

Labor in Liberia is an amorphous movement composed of workers who are largely unskilled and unaccustomed to standards for job performance as set in the United States. The industries and occupational groups in which union organizations now exists are commercial, clerical, and technical services, mining, transportation, petroleum, distribution, mechanics, dock workers, seamen, and domestic (hotel) workers. The agricultural sector is largely nonunion.

The largest labor organization in Liberia is the United Workers Congress (UWC) which includes miners, mechanics, petroleum workers and others. The once prominent Liberian Congress of Industrial Organizations (CIO) has lost ground in recent years. There are signs that these two groups (along with a smaller organization) are moving toward consolidation, a step which enjoys the backing of the Liberian Government. There is collective bargaining legislation, and recent negotiated contracts point to a general trend in this direction. Confrontation between management and labor, and sometimes government, in response to specific labor demands occurs with increasing frequency. However, the labor movement in Liberia remains relatively weak by Western standards. Liberian labor law prohibits the employment of foreign labor, except in administrative, supervisory, or technical capacities unless there is a shortage of qualified Liberians capable of supplying the needs of the employer. If the employer can find no qualified Liberian on lists maintained by the Liberian Government, he so certifies to the Minister of Labor, Youth and Sports who may then issue a special work permit for the foreigner to engage in the work designated. The employer must obtain this permit before attempting to obtain a visa for a worker to be imported. Likewise, a foreign employee must have a work permit in hand before applying for a residence permit. Prospective foreign investors in Liberia should be aware that the trend is toward "Liberianization" in all employee categories, including management.

No foreign employee may be paid at a wage rate different from that paid Liberian citizens in similar work, except that some allowance is made for differentials to compensate for alien's overseas employment status.

## Guidance for Business Travelers Abroad

### Communications

Business correspondence is normally conducted by airmail which arrives four times weekly from the United States. International airmail letters from the United States to Monrovia cost 26 cents for a letter weighing one-half ounce; and form letters cost 18 cents.

Telephone service is limited. The regular rate for a long distance call to the United States is $12 for the first 3 minutes and $4 a minute thereafter Monday through Saturday. Special Sunday rates to the U.S. are $9 for the first 3 minutes and $3 a minute thereafter. Rates to Europe are less expensive.

Telegraphic rates to the U.S. are 30 cents a word for a straight message and 15 cents a word for a night letter.

### Currency

The U.S. dollar is the basic monetary unit in Liberia. U.S. coin and bills in denominations up to $20 are legal tender. The Liberian Treasury issues 1, 2, 5, 10, 25 and 50 cent and $1 coins.

### Technical Standards

Liberia's system of weights and measures is the same as that currently in use in the United States. The President of Liberia has recommended the adoption of the metric system of weights and measures.

### Language

English is the official and commercial language.

### Entrance Requirements

All persons entering Liberia must have a valid passport and a Liberian visa. Visas can be obtained from the Liberian Embassy, 5201 16th Street, N.W., Washington, D.C. 20011, or consular posts in Chicago, Detroit, Houston, Los Angeles, New Orleans, New York City, Philadelphia, and Port Arthur, Texas. The visa application in duplicate should be accompanied by three photographs, an International Health Certificate showing smallpox vaccination and yellow fever inoculation, and a medical certificate from the applicant's personal physician attesting that the traveler is free from communicable diseases. A police clearance record is required only if the applicant will remain in Liberia for longer than 3 weeks. A fee of $2 is required for visas valid up to 90 days. Resident visas costing $20 are required to be obtained from the Ministry of Foreign Affairs. All persons departing Liberia, other than those remaining at Robertsfield and leaving within 48 hours, must have an exit permit issued by the Immigration Office. An airport tax of $1 is levied on all departing passengers.

### Holidays

Commercial holidays in 1977 in Liberia are:

| | |
|---|---|
| January 1 | New Year's Day |
| January 7 | Pioneers Day |
| Second Wednesday in March | Decoration Day |
| March 15 | J.J. Roberts Birthday |
| Second Friday in April | Day of Fasting and Prayer |
| May 14 | National Unification day |

| | |
|---|---|
| July 26 | Independence Day |
| August 24 | Flag Day |
| First Thursday in November | Thanksgiving Day |
| November 29 | The Late President William V.S. Tubman's Birthday |
| December 1 | Matilda Newport Day |
| December 25 | Christmas Day |

### *Business Hours*

The business hours of most stores and firms are generally 8:00 a.m. to noon and 2:00 p.m. to 6:00 p.m., Monday through Friday. On Saturday, most firms and stores are open from 8:00 a.m. to noon. Many small shops and supermarkets stay open later. Government offices are open from 8:00 a.m. to 4:00 p.m., with varying times taken for lunch. Government offices and nearly all business establishments are closed on Sundays and holidays. Office hours at the American Embassy are 7:30 a.m. to 4:30 p.m., with lunchtime from noon to 1:00 p.m., Monday through Friday. The U.S. Embassy is closed on weekends and on American and Liberian holidays.

### *Diplomatic Representation*

Embassy of Liberia
5201 16th Street, N.W.
Washington, D.C. 20011
Tel: 202-723-0437

Consulate General of Liberia
820 Second Avenue
New York, New York 10017
Tel: 212-687-1033

American Embassy
United Nations Drive
Monrovia, Liberia
Tel: 22991, 22992

Correspondence may be sent through the U.S. mail using the following address:

American Embassy
APO New York 09155

## Appendix A—Commercial Banks in Liberia

Bank of Liberia
Corner of Carey and Warren Streets
P.O. Box 131
Monrovia
Tel: 21200, 21086, 21701
U.S. affiliate: Chemical Bank of New York



First National City Bank
Corner of Ashmun and Randall Streets
P.O. Box 280
Monrovia
Tel: 21300
U.S. affiliate: First National City Bank of New York

Chase Manhattan Bank
Corner of Ashmun and Randall Streets
P.O. Box 181
Monrovia
Tel: 21500, 21103

International Trust Company of Liberia (INTRUSCO)
80 Broad Street
P.O. Box 292
Monrovia
Tel: 21600
U.S. affiliate: International Bank of Washington, D.C.

Liberian Trading and Development Company (TRADEVCO)
Ashmun Street
P.O. Box 293
Monrovia
Tel: 21800, 21302

## Appendix B—Sources of Economic and Commercial Information

### *Business Information*

Liberian Chamber of Commerce
Monrovia

Junior Chamber of Commerce
Monrovia

Monrovia Retailers Association
Monrovia

### *Government Information*

Ministry of Commerce, Industry and Transportation
Monrovia, Liberia

Ministry of Planning and Economic Affairs
Monrovia, Liberia

Ministry of Agriculture
Monrovia, Liberia

Ministry of Lands and Mines
Monrovia, Liberia

Ministry of Information, Cultural Affairs and Tourism
Monrovia, Liberia

Liberia Bank for Development and Investment
P.O. Box 547
Monrovia, Liberia

National Bank of Liberia
P.O. Box 2048
Monrovia, Liberia

Liberia Electricity Corporation
P.O. Box 165
Monrovia, Liberia

# Market Profile—LIBERIA

### *Foreign Trade*

**Imports.**—$331 million in 1975, $288 million 1974. Major suppliers 1975: U.S. 28%, Germany 23%, U.K. 6%. Chief imports: heavy machinery, transport equipment, cereals, petroleum products, woven fabric. From U.S.: rice, construction and mining machinery, road motor vehicles.

**Exports.**—$394 million in 1975, $400 million, 1974. Major markets, 1975: U.S. 21%, Sweden 43%, Germany 24%. Chief exports: iron ore, rubber, logs, diamonds. To U.S.: rubber, iron ore, coffee.

**Trade Policy.**—Moderate, nondiscriminatory tariff. Most goods admitted by open license. No foreign exchange or quota controls.

**Trade Prospects.**—Established product acceptance and competitive prices make U.S. goods attractive. Best prospects: mining equipment, construction and transportation machinery and equipment.

### *Foreign Investment*

U.S. major source, over $303 million, mainly in iron ore, rubber. Investment Guaranty agreement with U.S.

**Investment Prospects.**—Investment Code of 1973 provides attractive incentives. Investment opportunities in mining, timber and agro-industries.

### *Finance*

**Currency.**—Liberia uses U.S. dollar. Central bank, the National Bank of Liberia does not issue currency, except for Liberian coins.

**Domestic Credit and Investment.**—Loans available from commercial banks, Liberian Bank for Industrial Development and Investment, and Agricultural Credit Corporation. No stock exchange.

**National Budget.**—1975 revenues $127 million; expenditures $124; $27.2 million development budget; External debt outstanding; $164.5 million. Debt service as percent of revenue 21.1%.

**Foreign Aid.**—$32.2 million in grants and loans in FY 1975. U.S. major source.

**Balance of Payments.**—Favorable balance of trade. High import bill from sharp increase in petroleum prices offset by high iron ore and rubber prices.

### *Economy*

Based on production and export of iron ore and rubber by largely foreign-owned firms, plus subsistence agriculture.

**GDP.**—$745 million in 1975; GDP per capita $481.

**Agriculture.**—Primarily of subsistence nature; rubber and logs are major exports. Other crops: rice, palm, coffee, cocoa, piassava.

**Industry.**—5% of GDP. Chief products: processed rubber, petroleum products, foods, beverages, iron pellets, explosives, wood products, cement, consumer products.

**Commerce.**—Trading and distribution mainly in hands of expatriates. Consumer price index 212.5 (1964 = 100) in 1974. Price controls on several food items.

**Mining.**—World's 10th largest iron ore exporter. Two pelletizing plants. Growing importance of diamonds. Largely unexploited resources of barite, kyanite, gold, others.

### *Basic Economic Facilities*

**Transportation.**—Road network of 4,200 miles (325 miles paved). 17,000 vehicles in 1975. Over 300 rail miles mainly used by mining firms. Four ports. Third largest merchant fleet in world due to liberal laws permitting flag of convenience ship registry. Two major airports and 90 small airfields and strips.

**Communications.**—Network of telephone, radio, television and international microwave and satellite systems. Liberia Broadcasting Corp. (ELBC) plans $3.5 million radio/TV capability expansion and modernization.

**Power.**—Consumption runs about 700 million kWh per annum, about half of which is used by the mining companies.

### *Natural Resources*

**Land.**—43,000 square miles, slightly smaller than Pennsylvania; generally low undulating terrain; mountain ranges (to 4,500 ft.) in north.

**Climate.**—Tropical and humid, rainy season from April to November, balance of year dry.

**Forestry.**—40% of country forest; industry growing but still undeveloped. Plywood factory.

**Fisheries.**—Annual landings of fish and shrimp around 18,000 tons; half is exported. Processing industry expanding. Coastal waters supply local market. Interior fish ponds are source of fish.

### *Population*

**Size.**—1.6 million (1974 census): annual growth 3%; 25% urban. Monrovia, the capital, 204,000; Harbel and Harbel Plantation 60,000, Buchanan 25,000, Yekepa (Nimba) 16,000; Harper and Harper Plantation 14,000; Greenville 10,000.

**Language.**—English official and commercial language.

**Education.**—Literacy rate 8–10%; school system not well developed. About 37% of primary school-age children (600,000) in school, but dropout rate is high. School-age population (6–24) 648,783. Literacy rate among female school-age population (21.6%).

**Labor.**—Labor force about 600,000, of which 120,000 in monetary economy, mostly on rubber plantations, in government, construction mining. Annual salary unskilled average $2,000, semiskilled $5,000.

International
Marketing Information
Series

Overseas Business Reports

**March 1977** **OBR 77–09**

# Marketing in Tanzania

**Prepared by Leona Pfund and Temple Cole**
**African Area**
**Office of International Marketing**
**Bureau of International Commerce**
**and based in part on information**
**provided by the U.S. Embassy in Tanzania**

U.S. Department of Commerce
Domestic and International Business Administration

OBR

# International Marketing Information Series

This report is one of a series of Bureau of International Commerce publications focusing on foreign market opportunities for U.S suppliers. The series is made available by the Bureau's Office of International Marketing in cooperation with the U.S Foreign Service-Department of State. Most reports are based on research conducted by overseas contractors under U.S. Foreign Service supervision or by economic and commercial officers of the Foreign Service or Department of Commerce.

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## Trade Outlook

Throughout 1976–77 the Tanzania economy will be in a process of slow recovery from a severe reduction in foreign exchange reserves in 1974. In addition to the increased imports necessitated by the drought of 1973–74, increased oil prices and inflation worldwide have made imports more expensive. This places an increased strain on limited reserves.

During 1974 agriculture showed satisfactory growth while manufacturing output stagnated. This generally low output in all sectors is due to high inflation, underutilized capacity, insufficient foreign exchange to purchase raw materials and spare parts as well as transport and distribution problems. Disruption also occurred through intensification of the villagization process in mainland Tanzania.

The country's import potential throughout 1976–77 will be limited, and imports will remain under tight controls in an effort to conserve foreign exchange. To a large extent external aid will still be necessary to help finance the needed purchases and augment existing reserves. Infrastructure development has been financed by loans and grants from other countries and the International Monetary Fund.

Although Tanzania intends to increase development expenditures in 1976–77 by 15% over the 1975–76 budget, results will not be seen for a number of years. The Government has focused much attention on the development of agriculture and light agro-related industry in an attempt toward import substitution and supply of the domestic market with a long-range goal of export production.

The best opportunities for U.S. exporters are in agro-related machinery and processing equipment in those areas given priority in the Third Five Year Development Plan. Similar opportunities exist in Zanzibar where the Government is pursuing a development program which calls for diversification of the economy away from cloves to include other crops. Unlike mainland Tanzania, Zanzibar has ample reserves under separate control resulting in a greater import potential.

Tanzania, under President Nyerere, has remained firmly committed to the building of a socialist society based on Ujamaa (a swahili word

*Table 1.—Tanzania: Selected Imports from the World*
(In TShs .000*)

| | 1973 | 1974 | 1975 |
|---|---|---|---|
| Wheat | — | 95,938 | 161,244 |
| Rice | 10,231 | 267,779 | 239,481 |
| Maize | 2,513 | 351,894 | 285,733 |
| Petroleum, crude for refining | 237,781 | 374,480 | 457,933 |
| Medicinal & pharmaceutical products | 78,674 | 107,152 | 201,675 |
| Paper, paperboard & manufacturers thereof | 68,136 | 105,153 | 142,451 |
| Iron and steel tubes, pipes & fittings | 47,240 | 48,092 | 91,070 |
| Other metals & manufacturers of metals, n e s | 204,408 | 366,599 | 367,224 |
| Machinery, other than electric | 340,104 | 473,922 | 766,179 |
| Electric machinery apparatus & appliances, including domestic | 207,534 | 225,444 | 261,652 |
| Railway rolling stock | 76,998 | 87,180 | 270,295 |
| Buses, lorries, trucks, vans and road tractors, etc. | 170,155 | 213,348 | 169,289 |
| Other transport equipment | 111,326 | 778,807 | 151,410 |
| All other articles | 497,479 | 117 590 | 764,049 |
| Government goods | 722,806 | 530,630 | 668,361 |
| TOTAL | 3,139,541 | 4,876,628 | 5,288,135 |

* U S $1 00 = Tanzanian Shilling (TSHs) 7 14
Source Annual Trade Report 1973–75, East African Community

## Contents




**OVERSEAS BUSINESS REPORTS; $36.50 a year ($9.15 additional for foreign mailing); 50 cents a copy. Order from any of the Department of Commerce district offices or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Single copies also available from the Publication Sales Branch, Room 1617, U.S. Department of Commerce, Washington, D.C. 20230.**

with connotations of communal activity). The result is a strictly regulated economy with government ownership of the means of production and the dominance of parastatal corporations. The period 1974–75 saw a rapid acceleration of villagization leaving 40% of the population in Ujamaa villages on the Tanzanian mainland. These villages, with an average size of 511 people, are so far of greatest importance in the poorest regions in that they facilitate the provisions of services.

*Table 2.—Tanzania: Selected Exports to the World*
(in TShs 000)

| | 1973 | 1974 | 1975 |
|---|---|---|---|
| Cashew nuts, raw | 141,211 | 196,242 | 176,859 |
| Cashew kernels | 32,709 | 46,588 | 44,115 |
| Beans, peas, lentils etc , dry | 22,768 | 24,228 | 48,217 |
| Coffee, not roasted | 495,283 | 375,137 | 483,031 |
| Tea | 54,198 | 69,056 | 81,168 |
| Cloves | 233,334 | 88,401 | 320,942 |
| Tobacco, unmanufactured | 55,513 | 87,665 | 82,267 |
| Hides, skins & furskins, undressed | 46,592 | 45,311 | 43,931 |
| Cotton, raw | 333,065 | 472,606 | 296,692 |
| Sisal | 221,587 | 463,282 | 302,382 |
| Petroleum Products residual fuel oils | 12,578 | 77,053 | 77,489 |
| Cordage, rope, twine of sisal | 71,516 | 145,773 | 87,800 |
| Diamonds | 170,205 | 122,259 | 178,006 |
| All other articles | 54,732 | 81,639 | 72,002 |
| TOTAL | 2,238,323 | 2,552,318 | 2,548,612 |

* US$1 00 = Tanzanian Shillings 7 14 T Shs
Source Annual Trade Report 1973–75, East African Community

*Table 3.—U.S. Imports from Tanzania*
$.000

| | 1973 | 1974 | 1975 |
|---|---|---|---|
| Food & live animals | 19,157 | 15,043. | 19,959 |
| Coffee | 16,841 | 11,687 | 1,318. |
| Nuts, edible | 1,489. | 1,289 | 1,059 |
| Tea | 235 | 1,053. | 40 |
| Spices | 285 | 955 | 31 |
| Crude materials | 2,044 | 2,378 | 3,480 |
| Sisal, henequen, other agave & waste | 319 | 679 | 452 |
| Spices, nes for perfumery, pharmacy | 1,260 | 1,392. | 2,599. |
| Oils & fats | 61 | — | — |
| Chemicals | 233 | 437 | 187. |
| Essential oils & resinoids | 223 | 431 | 187 |
| Manufactured goods | 4,682. | 8,444 | 5,006. |
| Twine, cordage, nets, etc | 2,657 | 8,033 | 4,328. |
| Diamonds | 299 | 291 | 259 |
| Precious & semiprecious stones, nes. | 46. | 83 | 388 |
| Copper, copper alloys | 1,621 | — | — |
| Machinery & transport equipment | 11. | 2 | — |
| Misc manufactured articles, nes. | 122 | 76 | 61 |
| Candler, tapers, matches, smokers articles | 94 | 63 | 39 |
| Items not classified | 235 | 38 | 236 |
| | 26,545. | 26,417. | 28,930 |

Source U.S. Department of Commerce, Bureau of Census, Foreign Trade 155 Annual 1973–75



*Table 4.—U.S. Exports to Tanzania*
($.000)

| | 1973 | 1974 | 1975 |
|---|---|---|---|
| Food & live animals | 1,193,555 | 32,127,747 | 42,318,173 |
| Rice | — | 4,442,000 | 8,135,832 |
| Corn or maize unmilled | 52,062 | 24,452,012 | 27,281,403 |
| Beverages & tobacco | 75,971 | 111,706 | 1,214 |
| Crude materials | 204,034 | 229,580 | 287,533 |
| Mineral fuels | 127,508 | 365,590 | 278,570 |
| Oils & fats | 266,262 | 1,534,981 | 842,251 |
| Chemicals | 1,287,576 | 2,334,139 | 4,668,021 |
| Organic chemicals | 374,665 | 1,192,403 | 2,244,216 |
| Medicinal & pharmaceutical | 301,102 | 482,879 | 929,056 |
| Chemical products & materials | 339,726 | 120,117 | 1,132,572 |
| Manufactured goods | 2,364,928 | 2,942,096 | 2,846,807 |
| Paper & paperboard | 280,151 | 272,481 | 208,771 |
| Iron or steel hoop & strip | 218,952 | 658,174 | 377,355 |
| Iron or steel tubes, pipes fittings | 112,040 | 387,016 | 950,232 |
| Machinery & transport equipment | 3,770,395 | 8,727,425 | 11,804,975 |
| Agri-machinery & appliances and parts | 782,546 | 1,788,098 | 3,686,091 |
| Tractors, ex. road & indus | 337,380 | 1,393,184 | 2,944,773 |
| Machines for spec. indus. & parts | 364,998 | 1,421,122 | 2,590,221 |
| Construction & mining machinery | 261,962 | 1,094,333 | 2,387,365 |
| Machinery & appliances & parts | 660,432 | 1,042,797 | 2,897,972 |
| Road motor vehicles | 297,650 | 1,578,455 | 890,868 |
| Misc manufactured articles | 1,227,238 | 1,996,188 | 1,530,749 |
| Clothing knit elastic fabric | 737,548 | 417,367 | 905,998 |
| Scientific aparatus | 225,011 | 1,231,600 | 270,518 |
| Unclassified | 463,505 | 982,031 | 1,459,069 |

Source· U S Department of Commerce, Bureau of Census, Foreign Trade 455 Annual 1973–75

## Economic Trends

While there is a slight easing in Tanzania's balance of payments and foreign reserve positions, constraints are likely throughout 1976–77 with consequent restrictions on imports and domestic consumption. The Tanzanian economy suffered a severe balance-of-payments deficit in 1974 aggravated by the reduced output of the agricultural sector due to a drought in 1973–74. The necessity to import food grains forced a run down of limited reserves making it difficult to obtain the raw materials for industry and power. Through increased help from foreign-aid donors, Tanzania will continue to expand agriculturally related and light industries based on a policy aimed at import substitution and increased use of domestic raw materials.

Zanzibar has always experienced a substantial trade surplus based upon its exports of cloves and coconut products. A combination of independently held hard currency reserves and conservative fiscal policies accounts for Zanzibar's solid credit rating. Zanzibar development plans include agricultural diversification, port expansion, and large-scale public housing projects.

*Table 5.—Origin of Gross Domestic Product*
(% of total constant 1966 prices)

| | 1970 | 1974 |
|---|---|---|
| Agriculture, forestry, fishing | 41.7 | 37.6 |
| Trade | 12.8 | 12 0 |
| Manufacturing | 9.3 | 10.0 |
| Transportation | 9 5 | 10 6 |
| Finance | 9 9 | 10 2 |
| Construction | 4 3 | 4 6 |
| Utilities | 1.2 | 1 4 |
| Mining | 1.3 | 0 9 |
| Public Administration | 10.0 | 12.7 |

Trend of Gross Domestic Product of Factor Cost
(constant 1966 prices)

| | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 |
|---|---|---|---|---|---|---|
| Total (TShs nn) | 7,259 | 7,680 | 8,005 | 8,481 | 4,814 | 9,006 |
| % Increase | 2.3 | 6.0 | 3.9 | 5. | 4 4 | 2.2 |

Source Economic Survey 1974/75

### *Agriculture*

Agriculture has traditionally been the mainstay of the Tanzanian economy representing 37.6% of the gross domestic product in 1974. Only half of this amount enters the monetary economy due to the importance of subsistence agriculture.

Major cash crops include cotton, tea, coffee, sisal, tobacco, cashew nuts, and pyrethrum. Of these crops coffee, cotton, and tobacco are grown mainly by peasant farmers and cooperatives, while sisal and tea are grown chiefly on large estates.

Non-African estates occupy under 1% of the total land area. Most of these are held under 99 year rights of occupancy. Village agriculture is organized along various combinations of private and collective production. Some villages allow the individual to farm his own plot. In others the land is plowed collectively, perhaps by tractor, with each farmer either harvesting his own crops or, if harvesting is also done mechanically, each gets an equal share.

Large-scale farming operations are being encouraged for corn and wheat in the southern highlands of Tanzania. The production on such large-scale farming units is about five times as large as that of nearby communal farms with equal conditions. Such a large-scale, basically labor intensive, operation run by the British Commonwealth Development Corporation in Njombe produces 90 bushels per acre.

Shortages exist in machinery, spare parts, and trained mechanics. United States agri-business firms have been invited to study and invest in establishing large modern farms to produce rice, soybeans and other food crops for the domestic market.

Policy changes in 1974 were directed at increasing agricultural output through changes in pricing policy and improved supplies of agricultural material and marketing services. The basic aim of the program is to encourage self-sufficiency and import substitution in food grains by 1976. The processing of food grains is controlled by the National Milling Corporation.

The Tanzania Cotton Marketing Authority has raised the producer price of cotton in an effort to stimulate production.

In the next several years sisal production should increase because higher prices have been an important incentive to estate owners to replant fields. Major restraints center upon labor shortages and spare parts for agricultural machinery. The Tanzania Sisal Authority oversees production.

The development program, as implemented by the Tobacco Authority of Tanzania, calls for a subsidy to the grower in addition to the price received. Also the prices of fertilizer, seed, and chemicals for tobacco production are kept at artificially low levels by the Government. In addition International Development Association (IDA) financing has been approved to undertake expansion of Tanzania's tobacco processing facility at Morogoro. The expansion will initially improve and enlarge the existing threshing line and later provide for the installation of a new larger processing line.

The project will also provide for new storage facilities, tool and equipment purchases, and infrastructure development. As a result the operational capacity of the Tanzania Tobacco Processing Company Limited facility will increase over a 5-year period from approximately 18 million kilograms of cured leaves annually to over 40 million kilograms. While the Tanzanian Government banned further importation of leaf in 1975 as a means of conserving foreign exchange, Zanzibar imports some 8,000 to 100,000 kilos of Chinese leaf each year.

As a result of a decline in domestic consumption and surplus stocks of sugar, Tanzania is for the first time in the unexpected position of being able to export 36,000 tons of sugar in 1976–77. The Government, through the Sugar Development Corporation (SDC), hopes to increase long-term production in order to export large quantities of sugar by 1980. Diversification of the industry yields further opportunities to suppliers of machinery and equipment used in growing and processing sugar. Related industry in areas such as molasses processing, alcoholic beverages, cattle feed, and industrial alcohol under terms of minority equity in joint ventures or management contracts represents a direction of possible expansion.

Realizing the detrimental effects of relying on rainfed cultivation, the Government has placed increased emphasis on the development of irrigation projects. Research on promoting low-cost small-scale irrigation schemes in Ujamaa villages and public institutions is in progress. An Irrigation Department has been established within the Ministry of Agriculture.

Fertilizer use is expected to increase from the 82,568 tons used in 1974 and is employed mainly in maize and tobacco development programs. Beginning in 1975, the role of ordering and distributing fertilizers to different regions of the country is being undertaken by various crop authorities which control production in the particular area.

### *Zanzibar*

Cloves and coconut plantations account for more than nine-tenths of Zanzibar's exports. Efforts are currently being made to diversify the cash economy through expanded production of food and new cash crops such as tobacco, pepper and other spices. Zanzibar also hopes to foster a small-scale import substitution industry. The industrial sector, organized under the government-owned Zanzibar State Trading Corporation (ZSTC), centers its activity on cloves and coconut products. The ZSTC holds the monopoly in clove export since 1971 when all private businesses were nationalized. Other commodities produced include soap, shoes, coir fiber, lime for construction, mineral water and cigarettes.

### *Livestock*

The Livestock Development Authority (LIDA) owns several subsidiary companies concerned with beef processing, marketing of livestock, hide and skin processing, and milk production. Foreign trade in livestock and livestock products has been growing, with meat exports and export proceeds from canned beef increasing. In the area of dairy products, there has been no increase in domestic consumption, and government policy has been to cut down its importation.

### *Forestry*

The Government has taken steps to develop village afforestation in an effort to establish tree plantations for firewood and building purposes in all regions of mainland Tanzania. During 1974–75 1,100 hectares of hardwoods and 3,000 hectares of soft woods were planted. The program is being implemented by the regions in cooperation with the Ministry of Natural Resources and Tourism. Plans are also underway to construct a small pulp and paper mill in an attempt to meet domestic needs. The project, to be constructed under the auspices of the National Development Corporation, will make use of intermediate technology in paper processing and timber equipment.

### *Fisheries*

Tanzania is the largest of East Africa's fish producers, utilizing its vast inland water resources and its 500-mile Indian Ocean coastline. Approximately 78% of Tanzania's catch comes from the rivers and inland lakes, with Lake Victoria being the major source. The most popular freshwater fish is the tilapia. Bottom sea fishing is limited by the fact that there is virtually no continental shelf; the 100 fathom contour line lies only 2 to 5 miles from the coast. However, there are large exploitable offshore stocks of surface fish such as sardines and tuna as well as lobster and shrimp.

Marine fishing is carried out by the Tanzania Fisheries Corporation (TAFICO), Dar es Salaam Development Corporation, and individual fishermen in an effort to meet rising domestic as well as export demand. TAIFCO, charged with the promotion and development of commercial fishing and the processing and marketing of fish and fish byproducts, is permitted to participate in joint ventures with foreign companies which include the manufacture of fishing boats and nets. Although 42 fishing boats were built during 1974–75, development of the fishing industry continues to be hampered by an inadequate number of boats. Experiments conducted in fish processing and preservation during 1974–75 have resulted in the building of a factory in 1975–76 for the production of fish meal. Fisheries research continues on Lakes Victoria and Tanganyika.

### *Mining*

Mining represented 1% of the GDP in 1975. Petroleum products from imported oil and diamonds are the main items. Other minerals are tin, gemstones, salt, mica, lime gspsum, copper and silver. There are also unexploited deposits of iron ore, phosphate, coal, and columbite in remote areas. The arrival of the Tan Zam railway in the vicinity has increased the accessibility of these deposits. On average, diamonds account for 90% of the total value of all minerals sold. Salt is now the second most valuable export. Tin production has fluctuated, but plans are being made to revive the industry through resuming large-scale exploitation in Karagwe. Current exploitation is carried out on a small-scale by private operators in scattered areas.

*Table 6.—Tanzania: Mineral Production and Value in 1975*

| Mineral | Unit | Amount | Value in Tsh |
|---|---|---|---|
| Artstone | metric ton | 3.2 | n/a |
| Calcite | metric ton | 5,390 | n/a |
| Cement | metric ton | 266,000 | 77,352,800 |
| Coal | metric ton | 850 | n/a |
| Diamond (gem & industrial) | gram | 89,560 9 | n/a |
| Gemstones | kilogram | 313.9 | n/a |
| Glass sand | metric ton | 28,880 | 84,940 |
| Gypsum | metric ton | 12,839 | n/a |
| Kaolin | metric ton | 1,003 5 | 180,720 |
| Lime | metric ton | 472 6 | 7 ,385 |
| Mica (sheet) | metric ton | 6 2 | n/a |
| Salt | metric ton | 44,390 2 | 11,892,578 |
| Tin concentrates | metric ton | 2 3 | n/a |
| Tungsten concentrates | metric ton | 2 3 | n/a |

Source U S Department of Interior, Bureau of Mines

The Government is setting up a gem cutting industry to process the diamond and gemstone output. Oil and natural gas prospecting is taking place on the continental shelf off and along the Tanzanian coast.

Tanzania has neither technical nor capital resources to develop very large capital intensive export oriented operations in soda ash and coal mining. One further constraint is the shortage of trained manpower. As a result, the Government is considering the relaxation of licensing and leasing laws to allow negotiation and appeal in the event that the Government wishes to revoke a license. Another option under consideration would be to allow private sector development, on the condition that the Government retains the option to acquire a controlling interest in any resulting mining venture.

### *Industry*

Although manufacturing represents only 10% of the GDP, growth has been rapid, averaging 10% annually in real terms during the two preceeding planning periods. At the same time, generally low production continues to be hampered by increasing operating costs due to price increases, raw material and part shortages, and water and electricity interruptions. Problems are further compounded by the lack of a well-developed distribution system for the industrial output.

Current industries include sugar refineries, textile mills, breweries, wheat and maize mills, meat canning and cigarette factories, pyrethrum processing, cashew nut shelling, cement and soap manufacturing plants. There are also a number of nonderivative industries including aluminum rolling, iron galvanizing, radio assembly, sweet making, and paper and tin manufacturing. In addition, there is an oil refinery at Dar es Salaam which processes imported crude. Outputs include aviation spirit, motor gasoline, jet fuel, kerosine, LPG, gas oil, diesel fuel, and residual fuel oil. Total output was 5,593,000 barrels in 1974. Crude oil input into the refinery was 5,926,000 barrels in 1974.

Tanzania's crude oil imports amounted to 6,058,000 barrels, with 56% from Iran, 35% from Saudi Arabia and 9% from other sources. Tanzanian exports are destined for Zambia (91%), Burundi (6%), Zaire (1%) with 2% for other countries.

### *Development Plan*

Planning and development of industrial activities will be undertaken within the framework of the Long Term Industrial Strategy (LTIS). This framework, as developed by the Planning Commission's Working Party on Industry, states that industrial development for the next 20 years will be along the lines of the third 5-year plan, begun in 1976. That plan places emphasis on the development of basic industries with an eye toward being able to satisfy the domestic market and produce a surplus for export at a later stage.

Under the 5-year plan, the immediate program in the food processing sector places emphasis on sugar refining. The program involves the expansion of three sugar plants at Kagera, Mtbwa, and Kilombero II. The long-term outlook includes four new projects with a possible capacity of 400,000 tons after 1980. In the area of cement manufacture plans call for the expansion of the Wazo Hill Plant and two new plants at Tanga and Mbeya. Substitution of burnt clay bricks and tiles for cement is also intended to relieve the present pressure on the demand for cement. The textile sector program includes the doubling of the capacity of the Mwanza Textiles to 50 million meters at an estimated cost of Tsh 312 million, expanding Sunguratex and possibly establishing new textile mills. An attempt will be made towards the creation of metal-based industries essential for the future development of an iron and steel complex. Major projects include expansion of Aluminum Africa, the bicycle factory, farm implements as well as an electric and a metal-

working and tool complex. The program for chemical-based industries calls for expansion as well as development of the phosphate deposits at Manyingu, pharmaceuticals, and other industrial chemicals. Other developments are expected in leather and leather products, sisal spinning and products, cashew processing, footwear, expansion of the wood products industry, and the possible exploitation of natural gas.

Long-term programs in the industrial sector include development of the Liganga iron and steel complex, which has been linked with the development of the Stiegler's Gorge hydropower plant. This project envisages a 500,000 ton mill. In addition studies are being conducted to determine the time table for development of the Chunya iron and steel project. Technical tests on the cokability of coal from the Mchuchuma and Songwe fields justify large-scale development of the coal, either as a reducing agent for iron and steel production or for fuel. Development of a petrochemical complex will be linked with the feasibility of natural gas development. Possible industries include ammonia and urea for the fertilizer industry, PVC for the plastic industry and other industrial chemicals. Prospects for the development of Lake Natron soda ash look reasonable if suitable terms for foreign assistance can be secured. However, more technical feasibility studies are necessary on a local chlorine-caustic soda chemical plant. The long-term plan also includes the mining and processing of kaolin for the paper and ceramics industries and the use of the byproducts in the manufacture of glass and associated products.

### *Tourism*

Tourism represents an important potential growth sector for which Tanzania has considerable natural resources in its Indian Ocean coastline and great game parks and reserves of the Serengeti, Manyara, Ngorongoro, Ruaha and Mikum. Government investment in tourism through the Tanzania Tourist Corporation amounted to over Tsh 100 million in hotels and another Tsh 92 million on the new Kilimanjaro airport, which is mainly intended for tourist traffic. The normal pattern of investment in hotels is in partnership with foreign private enterprise. Several have been built, but few make a profit.

Zanzibar also has considerable tourism potential through exploitation of coastal beaches. The Government has also undertaken the construction of a new hotel as part of its development program.



## Trade Regulations

### *Duties*

Tanzania, Kenya and Uganda form the East African Community (EAC). The EAC maintains a common external tariff with no additional duties. However, the viability of the customs union is in question. Without the introduction of new and effective redistributive measures Tanzania and Uganda have increasingly ignored the customs union, erecting barriers to internal East Africa trade.

Tanzania uses the single-column BTN classification system. Ad valorem duties on most other items imported into these countries range from 12.5 to 75%. Ad valorem duties are assessed on c.i.f. value comprising the original cost of the goods plus freight, insurance, commission, and all other charges incurred in making the sale and delivering the goods to the port entry. If this information is not available, duties are assessed on the price which the goods would bring in the local open market.

Specific duties likewise cover a wide range of rates. The amount of duty depends mainly on whether the item is considered essential or a luxury, or is readily available from local producers. Specific duties, where applicable, are based on the weight, length, area, volume, or number of the imported goods. Where duty is assessed according to weight, the net weight is used. However, if the package does not indicate the net weight of its contents, or if no one can furnish the net weight, then the duty shall be assessed on the gross weight of the package and its contents.

Exemptions from import duties are normally allowed for emergency medical equipment, items for personal use, diplomatic and consular goods, and items for the use of the local government, charitable organizations, educational and other similar institutions.

Duty refunds are often granted for imported materials to be used in local production. The Minister in charge may also grant refunds of duty where he believes that it is in the public interest to do so, or where payment of duty would operate harshly or inequitably.

Suspended duties are found on a number of items for which local production is nonexistent or insufficient, but for which expanded production in the future is planned. At such time when local production commences or is found to be sufficient, the suspension of duties on these items will be discontinued.

### *Customs Surcharges*

Customs surcharges are not imposed in the EAC except for imports into the Island of Zanzibar. Zanzibar imposes a wharfage surcharge of 30 cents on each imported package, regardless of size or value.

### *Transfer Taxes*

In order to promote redistribution and to protect infant industries, the 1967 EAC treaty provides for a transfer tax system applicable to intraregional transfers of manufactured goods in which the partner experiencing deficit in community trade may tax the surplus state. The tax may be levied on goods valued at less than or equivalent to the deficit as reported by the East African Customs and Excise Department. It may not be imposed, unless goods similar to those taxed are either being manufactured, or about to be produced by the tax imposing partner. The industry being protected must possess a productive capacity equal to at least 15% of total domestic consumption of the protected item or valued at 2 million shillings. The tax may not be imposed for more than 8 years, and may not exceed 50% of the applicable customs tariff. The tax will be revoked if the protected industry exports 30% of its production to the Community. A country which comes into an 80% balance in its total intraregional trade of manufacturers must forego the transfer tax.

### *Licensing*

On the mainland, import control and the issuance of specific import and export licenses rest with the Imports Controller in the Bank of Tanzania. Applications must be made prior to placing orders abroad or shipping exports. There will be a fee on each import license application submitted for consideration. If the importation of a commodity is confined to a specific parastatal corporation, licensing applications must be submitted through the respective corporation.

Zanzibar administers an independent system under which all imports and principal exports are made by the State trading agencies and the Zanzibar State Trading Corporation. All imports to the mainland from Zanzibar require a specific license when the goods originate outside Zanzibar. Reexport from Zanzibar is prohibited. All trade with Rhodesia and South Africa is prohibited.

Under the Open General License effective May 1, 1976, several items including medical and veterinary supplies, petroleum and petroleum products, medical, dental, surgical and x-ray equipment, books and maps, sulphur, stone plastering materials and lime, pharmaceutical articles, building materials of vegetable substance, lamps, locomotive and railway rolling stock, electrical line, telephone and telegraphic equipment, and sugar manufacturing and refining machinery have been removed from the Open General License and now require specific licensing. Spares and accessories required for repair or maintenance of machinery which has already been imported into the country will continue under Open General License under the condition that they are imported either by the user or against a specific order by the user. Spares imported for commercial purposes or stockpiling will require specific licensing. Live animals, microbial vaccines and toxins, seeds and spores, fire engines, mobile clinics, invalid carriages, hydraulic fluid, and newspapers and periodicals have been left on Open General License.

For the first time government imports have been confined to existing parastatal importing companies. The Tanzania Petroleum Development Corporation has control over regular and premium gasoline. The Tanzania Textile Trading Company has taken on the consignment of the deficit National Textiles Corporation. Tractors have been confined to the Agricultural and Industrial Supplies Company Limited. The State Motor Corporation, established in 1974, is the exclusive importer of all major vehicles and spares into mainland Tanzania. Distribution and sales remains largely in the hands of private auto dealers although the corporation is permitted to enter into the retail trade. Restrictions have been placed on the number of vehicles imported into the country in order to reduce the burden of maintaining a parts inventory for a large assortment of vehicles. Permissible car imports are Volvo, Puegeot, Volkswagen and a long list of truck manufacturers.

### *Sales Tax*

Most imports irrespective of their origin are subject to sales tax at rates ranging up to 50% of the c.i.f. value plus the import duty.

### *Exchange Control*

The currency is the Tanzanian shilling which was repegged from the U.S. dollar to the SDR in

October 1975. The exchange rate as of June 1976 is Tsh 8.44–US$1 at a central rate of Tsh 9.67=1SDR. Exchange control for mainland Tanzania has been delegated to the Bank of Tanzania. Authority for approval of normal import payments, some payments with respect to current invisibles, and some capital payments is delegated to the two authorized banks. The National Bank of Commerce and the People's Bank of Zanzibar.

Advance payment for imports is allowed only in exceptional circumstances. Exchange for import payments is not normally granted until after customs clearance. This does not apply to imports by the Government or parastatal institutions. In all cases payment is made 30 days after shipment or railment from partner states and 60 days from other countries.

### *Shipping Documents*

No prescribed form of invoice or consular document is needed for shipments to Tanzania and there are no consular fees. Documents required are the commercial invoice, the bill of lading, and certain sanitary and other certificates. A packing list, although not required by law, facilitates clearance through customs. Documents required on goods sent by air are the same as those sent by ship or other forms of transportation.

The necessary shipping documents should be forwarded by air mail separately from the goods as soon as possible to ensure that they are received by the consignee prior to the arrival of the goods at the port of entry. Documents must be available for customs inspection at time of entry of goods into East African ports or clearance will be delayed.

All alterations made on any required document prior to its acceptance by the various customs authorities must be made in such a manner as to show the error and the alteration in legible form. Every alteration must be initialed and dated by the person making the correction.

The ordinary customs invoice will suffice for import entry declarations, provided it contains sufficient information to enable a full customs declaration. The invoice must show the quantity of the goods and their true market value in the country of origin, plus all costs of packing, insurance, and freight up to the port of entry. The invoice must also show the exact nature of any discounts and/or commissions given by the seller to the buyer. The shipper should ascertain the import license number from the importer and include it on the invoice. The invoice must indicate the country of origin and should be submitted in duplicate. "Trade goods" (packages other than those addressed to a private individual for his own use) shipped by parcel post which exceed $28 (200 shillings) in c.i.f. value, must be accompanied by the proper customs invoice. No invoice is normally required for any bonafide private parcel post shipment.

There are no special regulations regarding preparation of bills of lading, and only the particulars usually shown on such documents need be inserted.

Shipping marks and numbers on bills of lading, on the goods themselves, and on the invoices, should correspond exactly to ensure prompt clearance by customs. In addition weight measure on which freight is charged may also be added, if possible. Packing lists, if used, should contain the following information: marks and numbers of packages; gross and net weight of each package; and a careful description of each package and its contents. These lists are especially recommended for consignments of miscellaneous goods.

### *Inspection*

Imports are subject to compulsory quality and quantity inspection and price comparison by General Superintendence Company Limited before the shipment is effective. Contracts for imports must stipulate this preshipment inspection.

No payment is to be effected against a letter of credit, bills for collection or any other form unless the documents presented for payment include a Clean Report of Findings issued from the inspection.

Exceptions to this rule include gemstones, art projects, explosives and weapons, live animals, and fruits and vegetables. Also exempted are goods procured by EAC, or its statutory corporations; procurement by the Zanzibar Government or Zanzibar based importers for direct importation into Zanzibar; commodities imported from Kenya, Uganda, the People's Republic of China, North Korea, and Seychellus; consignments with a total value of less than Tsh 20,000; and commodities procured by international tender or through the Crown Agents for Overseas Governments and Administration.

### *Labeling and Marketing Requirements*

Shipments landed at Dar es Salaam must have a distinct cross symbol in addition to the normal markings large enough to read at a distance and not less than a foot wide on an average-sized package. This symbol should be colored according to shipment destination: red for Tanzania, green for Zambia, blue for Zaire, and yellow for Rwanda. Failure to follow this system can lead to difficulties for shippers and consignees.

In addition, special marking is required for condensed milk, paints and varnishes, and vegetable and butter ghee. All goods bearing any wording in the English language should indicate the country of origin. Under customs law, manufactured articles bearing the name, address, or trademark of any manufacturer or dealer or bearing the name of any place in the United Kingdom or any member country of the Commonwealth calculated to impart to them a special character of British manufacture, though not of such manufacture, are prohibited imports. Also banned are any articles marked, without authority for Her Majesty, with the royal arms or monogram, or arms or monogram so closely resembling the same as to be calculated to deceive.

Senate Concurrent Resolution 40, adopted July 30, 1953, invites U.S. exporters to inscribe, insofar as practicable, on the external shipping containers in indelible print of a suitable size: "United States of America." Although such marking is not compulsory under our laws, U.S. shippers are urged to cooperate in publicizing American-made goods.

Gradually, varying sectors of the Tanzanian economy and specified municipal areas have been instructed to adopt the metric system exclusively. All goods sold by weight or measure shall be based on the British or metric system of weights and measures. Items to be sold by specific weight or measure may be published by the Government from time to time. Labeling indicating quantities in denominations other than those specified must be obliterated.

A special ordinance provides that imports of prepackaged paints and allied items must be sold by net metric weight or metric fluid measure. Paints packed in tubes or boxes, commonly sold as artists' or children's paints, are excepted from these regulations. Imports of pharmaceutical products from the United States may be labeled according to U.S. pharmacopoeia standards.

All goods should be securely packed to withstand excessive tropical heat, moisture, rough handling, and pilferage. East African importers recommend that American shippers avoid use of thin cardboard and plywood containers because such containers are easily broken into and readily damaged if exposed to the weather. To ensure safe arrival at the port of destination all packages should be of sturdy construction, properly supported, preferably on the inside, and banded on the outside with steel strapping.

### *Special Customs Provisions*

**Entry, Transit, and Reexport.**—Goods imported may be entered for home consumption, warehousing, transit, or transshipment. Entry must be made within the prescribed time after arrival of the ship in port.

Goods unentered at port of entry are removed to a government warehouse after 21 days from the date of commencement of unloading and are sold if still unentered after 3 months and after advertisement in the appropriate official gazette.

Goods entered in transit are allowed to pass through Tanzania under security bond. They are under customs control until reexported. Goods entered for transshipment may be transshiped directly from the importing vessel or within 21 days if the appropriate customs officer permits. Goods entered in transit or for transshipment under bond on which import duties were not paid may be reexported from a bonded warehouse without payment of import duties.

Where goods are reexported and duties were paid at the time of importation, a refund of the amount originally paid can be obtained. A claim for such a refund (or drawback) can be made, subject to the following conditions: the owner shall produce such goods for examination and (1) enter the goods on the prescribed form; (2) make and subscribe to a declaration that such goods have actually been exported and will not be reimported into East Africa, and that the owner was and is the person entitled to the drawback; and (3) present his claim for drawback within 12 months of exportation of the goods. No drawback is allowed if the value of such goods for home consumption is less than the amount of the drawback which may be allowed; if the import duty thereon was less than 40 shillings ($5.60); if the exported goods have been destroyed on board aircraft or vessel by accident of if the goods have been materially damaged at any port or place in the country. Furthermore, no drawback is allowed unless the goods are exported in the original packages in which they are imported or unless contents were unpacked and repacked by authority and under supervision of a customs official.

The duty will be remitted on any goods lost or destroyed by accident on board vessel or aircraft, or in removing or unloading from any customs areas or warehouse before they are delivered out of customs control. Duty will also be refunded on any duty paid in error. No duty refund will be

allowed for reexported goods unless the claim is submitted within 12 months of time of exportation.

Goods may be stored in a bonded warehouse for a period of 2 years, after which, if not rewarehoused or cleared by the owner, they may be sold by the Customs Collector.

Goods entered for domestic consumption which remain in any warehouse more than 14 days may be forfeited to the Government or destroyed as the Commissioner of Customs and Excise may direct, although this regulation is rarely implemented. Dutiable goods on first importation may be stored in a bonded warehouse without payment of duty.

Goods deposited in a government warehouse are subject to such rent and other charges as may be prescribed. If these charges are not met, the goods may be sold and the proceeds applied to the charges. Goods which have been abandoned to the customs will be destroyed or disposed of at the owner's expense. Duty on such goods may be remitted or refunded on application to the customs officer.

Tanzania has not established any free trade zones and the only customs privileged facility is the transit pass system whereby goods to Burundi, Rwanda, Zaire and Zambia may transit through Tanzania without payment of customs duties.

**Appeals and Claims.**—The Commissioner of Customs, with the consent of the importer, may settle a dispute between the importer and a customs officer. Otherwise, the dispute will be settled in court. There is no appeal against decisions of the Commissioner of Customs where the accused offender has consented to accept the Commissioner's decision. In cases heard by the courts, penalties and forfeitures inflicted by the courts may be appealed in accordance with the rules of the court. When any vehicle or goods have been seized by the customs as forfeited, the Commissioner may—by written notification—require the claimant to institute suit against him for recovery, or may himself cause suit to be instituted in any competent court for the forfeiture of the vehicle or goods. In the former instance, if the claimant does not enter his suit against the Commissioner within 2 months, the goods are automatically forfeited. If the Commissioner fails to institute proceedings himself, ownership of the goods reverts to the claimant.

In any case of dispute as to the amount or rate of duty payable, or as to the liability of goods to duty, the duty should be paid in accordance with a prescribed procedure, and the owner may bring a suit in the courts for the recovery of such duty paid provided he commences the suit within 6 months after the date of payment.

## Communications

### *Radio and Television*

All radio and television services within Tanzania are operated by the Government. Radio serves as the major method of communication between the Government and the majority of its citizens. Radio Tanzania broadcasts in Swahili and English on the medium wave band. Programs usually consist of music, news and some special features. Tanzania has no television. Color television is available in Zanzibar and may be received by sets on the mainland. Telecasts are primarily in Swahili and air for a few hours in the evening.

### *Other Communications*

The East African Posts and Telecommunications Corporation (EAP&T) provides postal, telephone, telex, money order, and savings bond services within the East African Community (EAC). EAP&T also has 60% controlling interest in the East African External Telecommunications Company Limited which provides international telecommunications services for the three East African countries. Telephone communications to the United States and Europe are available, but calls must be arranged in advance. A 3 minute call to the United States costs about $12.

Tanzania is also a member of INTELSAT, the international satellite communications network.

Airmail service to and from the United States and Tanzania requires an average of 5 days. Surface mail is not recommended for business since it may take up to 4 months in transit. Local mail service is reasonably reliable for letters and parcel post.

### *Newspaper*

Two English-language daily newspapers are published, as well as numerous publications in Swahili and other vernacular languages. In urban areas, newspapers are widely read and are one of the major means of communication in addition to the radio. There are some 25 newspapers and journals published in Tanzania. Nine of these are published in English while the others are either in Swahili or use both Swahili and English. One of the major English papers is The Standard and its weekend edition The Sunday News, taken over by the Tanzanian Government in February 1970. The Nationalist, the other major English paper, is the organ of the Tanganyika African Nationalist Union, mainland Tanzania's only political party. This paper generally carries party and local news.



## Transportation and Utilities

Although control of the air, harbor, and railway services was organized along regional lines under East African Community Corporations, the trend has been toward separate state control and development of the railway and harbor facilities and consequent dissolution of the corporations.

### *Railways*

A system of about 2,800 miles of meter guage single track is in operation in mainland Tanzania. There are two main lines: The Central line of 780 miles from Dar es Salaam to Kigoma with branches to Mwanza, Mpanda and Mikumi and the Tanga line from Tanga to Arusha of 270 miles. The ferry link across Lake Nyanza, from Kisumu to Mwanza provides a western link between the Kenya Uganda railway and Tanzania's central line. Further development of the railways is under discussion. The building of the new road/rail bridge at Pkwach will improve communications with Sudan in the north. The new 1,200 mile Tanzania Zambia railway in the south, financed by a Chinese loan, is now in use from Dar es Salaam to Kabwe, Zambia. The Tanzania Zambia Railway Authority (TAZARA) oversees the railway.

### *Ports*

The East African Shipping Line was established together with Zambia. It has four vessels operating with a total gross tonnage of just under 40,000. In mid-1970 it was estimated to be carrying 10% of the trade between East Africa and the United Kingdom and Europe. Tanzania has a national line shared with China which owns three ships with a total deadweight tonnage of 37,000, and a coastal line with one ship.

The principal ports are Dar es Salaam, Mtwara, Tanga, and Lindi. Tanzania has established special transit facilities for Burundi, Rwanda, Zaire and Zambia in the Port of Dar es Salaam on the Indian Ocean and at the inland port of Kigoma on Lake Tanganyika. Goods destined to Burundi Rwanda and Zaire are normally sent by rail to Kigoma where they are transhipped into lighters pulled by tugboats to the lake ports of Kalemi and Kalundu in Zaire or Bujumbura in Burundi where Rwanda bound cargo is loaded on trucks for transportation to its final destination.

Storage spaces in Dar es Salaam available for transit shipments includes 384,000 square feet of covered space and 182,000 square feet of open space at the Main Quay and 47,000 square feet of covered area on the lighterage wharves. Six miles from the port, a special transit depot for Zambian traffic has been built with a covered area of 200,000 square feet and 220,000 square feet of open stacking space. The port is under expansion and additional goods sheds are also being constructed.

The transit facilities in Dar es Salaam and Kigoma are operated by Agence Maritime Internationale (E.A.) (AMI) under a quadripartite commission established to administer the installations in these ports.

For further information on the facilities, restrictions and controls at Tanzanian ports, inquiry should be made to the administering authority or the Port Manager.

### *Roads*

Tanzania has 26,600 miles of main roads on the mainland, of which 1,635 miles are bitumenised. Zanzibar and Pemba have 446 miles of road, 357 with a bituminized surface. The newly created Ministry of Works will oversee the establishment and maintenance of roads at the national trunk route level. The regions will look after the rural feeder roads although substantial assistance will be available in the cotton, tea and cashew nut growing areas.

### *Air Transport*

Under the control and management of the East African Airways Corporation air traffic to Tanzania is well developed. Tanzania has 56 airports of which 17 have scheduled East African Airways Services. The Government of Tanzania is in the process of upgrading the airports. The Songea Airport is equipped to handle the DC-9 and work is continuing to allow the F-27 to land. Further work is also in progress on the new Kilimanjaro Airport intended primarily for tourist travel.

East African Airways (EAA) scheduled service links Dar es Salaam with Europe and major cities and towns in Tanzania, Kenya and Uganda. A number of European airlines service Dar es Salaam to various cities in Europe each week. Pan Am World Airways provides a weekly service to and from New York via Lagos, Monrovia,

and Dakar. Pan Am also has additional flights from New York to Nairobi each week which connect with EAA flights to Dar es Salaam.

### *Water Development and Power*

The Government objective is to provide water to all Tanzanians by 1980 because of its critical necessity for both industrial growth and improvement in the standard of living for 90% of the population in the rural areas. The Third Five Year Plan intends to supply approximately 12.5 million people with water by way of the cheapest means available. This has resulted in the intensification of surveys and investigations, more drilling of boreholes, and the increased purchases of pumps, pipes, chemicals for treating water, vehicles for transport of materials and earthmoving equipment.

The rise in oil prices has made electric power generation expensive. As a result, the Third Five Year Plan places emphasis on the development of alternate sources of exploiting available hydropower, utilizing coal resources, natural gas, and windpower for the generation of electricity.

The coastal grid system which is comprised of Dar es Salaam, Morogoro, Tanga and Moshi region is the only integrated system in the country. The system is supplied by the government-owned Tanganyika Electric Supply Company (TANESCO) and consumes 90% of the country's generated power. Tanzania's current hydropower potential stands at 13 megawatts (MW). The power demand is calculated to increase by 10% every year. Demand by 1980 will be about 161 MW and increase to 295 MW by 1975. Plans are also underway to initiate construction of Striegler's Gorge Hydropower Project (260 MW) under the auspices of the Rufiji Basin Development Authority. The target is to completely satisfy the coastal and northern systems by 1985 and have extra power to sell to other systems.

## Banking

Commercial banking in Tanzania is relatively well-developed and is generally used in financing wholesale and retail trade, manufacturing, export crops, and other major business functions. The only commercial bank in Tanzania is the State-owned National Bank of Commerce (NBC) which provides the normal banking, credit and foreign exchange services. The Tanzanian Investment Bank offers long- and medium-term loans and technical assistance in an effort to promote Tanzania's economic development. The authorized capital of the bank is Tsh 100 million, divided into 100 shares with 60% subscribed to the Tanzanian Government, 30% to the National Bank of Commerce, and 10% to the National Insurance Corporation.

Other State-owned financial institutions include the Tanzania Post Office Savings Bank, National Insurance Company, Tanzania's only insurance firm, and the Permanent Housing Finance Company. The National Development Credit Agency and the Tanganyika Development Finance Company provide loans and other financial commitments for the development of agricultural, industrial, and construction sectors of the country.

Commercial bank lending rates in Tanzania vary with the maturity and type of loan. More favorable rates can be offered in order to encourage a diversification in location of development emphasis industries.

## Investment

There are no restrictions on the investment of foreign funds in Tanzania, but to ensure eventual repatriation it is advisable to have the investment recognized by the Bank of Tanzania or to obtain a certificate of approval of the enterprise in terms of the Foreign Investment Act of 1963. Foreign and domestic investment in specified types of production requires approval under the East African Licensing Ordnance.

Tanzania, in increasing the establishment of industries, views government ownership of the means of production as important to its socialist goals. Tanzania's investment ownerships policy falls into three categories: (1) total public control; (2) partnership between government parastatal corporations, cooperatives, or local and foreign investors; (3) privately owned industry by local and foreign investors. In most of the major or basic industries, government policy is to acquire a share of 50% or more.

Investment legislation is in force which offers a variety of fiscal incentives and import duty reliefs as well as exclusive licenses. A Foreign Investment Protection Act is in existence which offers guarantees of compensation in the event of expropriation and remittance of profits. An Investment Guarantee Agreement has been signed between Tanzania and the United States. The Overseas Private Investment Corporation (OPIC) has thereby extended political risk insurance to an American contracting firm working on an USAID financed project in Tanzania.



### *Zanzibar*

Zanzibar's past reliance on direct foreign assistance is being increasingly supplemented by commercial transactions which are now seen as more costly but reliable sources of foreign exportise and equipment imports.

Although there is presently no government decree outlining investment policy, the Government of Zanzibar is negotiating on a case-by-case basis. The main outlines of terms agreed to permit direct foreign investment on a joint venture basis with the government holding a 51% or greater share, tax free provisions, and guarantees against expropriation with the provision for scheduled take over in 5–20 years depending upon the nature of the enterprise.

### *Labor*

Since 1970, employment has usually increased in all sectors, though commerce, mining and construction have sometimes been exceptions. Total employment reached 491,872 in 1974, a 4.1% increase over the revised figure for 1973.

The total wage bill increased by 15.4% in 1974. Average annual earnings had been in the region of TShs4,692 in 1973. Minimum monthly wages are fixed, at TShs380 (urban) and TShs230 (rural), from May 1975. The Government of Zanzibar deals with potential foreign investors on labor matters as there are no trade unions. Labor rates tend to be low by East African standards.

The provisional results of the March 1974 census give a total population of 14.8 million confirming recent estimates of an annual growth rate in the region of 2.7%. The population of Dar es Salaam has more than doubled since 1967 to reach 272,500 but the urban population of the mainland is estimated at under 1 million. Other towns with over 25,000 inhabitants are Tanga, Mwanza, Arusha, Moshi and Morogoro. In Zanzibar and Pemba nearly a quarter of the population, estimated at 420,000, is urban.

## Selling in Tanzania

### *Distribution Centers*

The Tanzanian population of 14.8 million (mid 1974 estimate) is mainly rural and scattered in pockets along the periphery of the country. Population densities range from over 500 per square mile around Kilimanjaro to three per square mile in the northern Masai Steppe. Density in Zanzibar and Pemba is 407 per square mile. The main population centers are around Lake Victoria, Kilimanjaro, Tanga, Dar es Salaam-Mongoro and the southern highlands. The major cities are Dar es Salaam 272,500, Tanga 60,900, Mwanza 34,900 and Arushra 32,300. On Zanzibar and Pemba an estimated 105,000 persons are urban.

In addition to the central functions of government associated with the capital city, Dar es Salaam is a major port for both domestic and regional distribution to a majority of the neighboring states.

Distribution on a local level to local cooperatives is entirely controlled by the Government through the parastatal corporations which dominate the economy.

### *Government Procurement*

Both Tanzania and Zanzibar have adopted socialist models which call for a maximum government role.

The economy of mainland Tanzania is dominated by major parastatal corporations which correspond to sectors of the economy and to which are consigned ooods on the second schedule to the Open General License. These parastatal corporations may enter into cooperatives or majority partnerships with local or foreign companies and are responsible for procuring supplies and services to complete projects in the sectors under their jurisdiction.

All imports into Zanzibar must be made by the government through the State trading agencies Bizanje and the Zanzibar State Trading Corporation.

### *Taxation*

All income which is derived from employment services rendered in Tanzania is liable to taxation.

### *Corporate Taxes*

Private corporation taxes are assessed at a rate of 55% of net income. A nonresident withholding tax of 20% is levied on the gross income from any management or professional fees and royalties. Dividends and interest payment are subject to a 12.5% withholding tax.

### *Personal Income Tax*

The individual tax rate varies from 19¼% on Tsh 1000 to 2000 per month to 71% on Tsh 15,000 to 20,000 per month. The tax rate averages 50% on a scale of Tsh 5,000 to 10,000 per month.

Employees of the East African Community are taxed at progressive rates which are somewhat lower than those above.

## Guidance For Businessmen Abroad

### *Entrance Requirements*

A valid U.S. passport and Tanzanian visa are required for entry into Tanzania. Visas are issued by the Tanzanian Embassy, 2100 Massachusetts Avenue, N.W., Washington, D.C. 20036. All travelers must be vaccinated against smallpox and yellow fever and carry the immunization certificates for smallpox and yellow fever.

There is no limit placed on the importation of dollars, other foreign currency or travelers checks, although travelers must declare the amount upon entry. Foreign currency may be converted into shillings only at authorized points. On departure travelers may convert shillings to foreign currencies if evidence that foreign currencies are previously converted to shillings can be provided.

Business travelers entering Tanzania are required to complete a passenger's baggage declaration certifying those items of baggage which are liable to duty. No customs restrictions are in force between Kenya, Tanzania, and Uganda. Subsequent to original entry, travelers may enter any of the three countries without going through customs.

Free entry is permitted for personal effects and necessary wearing apparel intended for personal and household use and not for sale by the traveler.

Travelers wishing to import any vehicle or other goods intended for personal use and convenience must deposit a sum equal to the duty which would be imposed and present a claim for temporary exemption in duplicate at the point and time of entry. The vehicle or goods must be exported within 6 months.

These conditions also apply to articles imported from exhibition or demonstration and subsequent reexport. If the prescribed conditions are not met, the visitor is liable for the full duty of the vehicle or goods imported. A guaranty may be made by an authorized organization, thereby requiring no deposit. The organization would assume liability for the duty if the goods or vehicle are not reexported within the prescribed period.

### *Housing and Taxi Service*

The three hotels which Americans use most while in Tanzania are the Kilimanjaro, the New Africa and the Motel Agip. All are within three blocks of all U.S. Embassy offices. All rooms are air conditioned with bath or shower. Accommodations are good but not luxurious. Rates for a single in these hotels average $24 including a 12½% tax.

Accommodations on Zanzibar include the Bwawani Hotel, with air conditioned rooms, private bath and color television. Room rates range from about $17 for a ground floor single to $31 for a top floor double. More modest accommodations are available for considerably less at the Africa House and Zanzibar Hotel. Hotel space is almost always available.

Taxi service is available 24 hours a day in Tanzania in certain locations including the airport and railway station.

### *Dressing Customs*

Tropical clothing is worn in Dar es Salaam year round, although in the cooler season a light sweater or shawl is sometimes needed in the evening. For the office and for most evening gatherings men wear short-sleeved shirts and trousers. For informal functions, light weight washable business suits or sport coats are suitable. For women, dresses are appropriate for day or informal evening attire. Most common for evening wear are long evening skirts and hostess gowns. Extreme miniskirts or other street wear showing extensive thigh or bosom are disapproved of by Tanzanian custom and should not be worn. A dress code was established in October 1973 by the Executive Committee of the government party. The code, which has been enforced sporadically, prohibits the wearing of miniskirts, tight pants, bell bottoms, short shorts, low-cut blouses, and wide belts.

Under the National Culture Protection decree of May 1, 1973, the Government of Zanzibar has passed dress regulations which apply to tourists. Regulations for women prohibit wigs, excessive make-up, and tight fitting garments. Hemlines must reach a point midway between the lowermost part of the knee cap and the uppermost part of the ankle. Necklines cannot be lower than 1 inch below the base of the neck. Regulations for men prohibit bell-bottom or flared slacks, long hair which "resembles the hair style of a woman," and shirts which expose the body more than 1 inch below the back of the neck. Shorts must reach to 1 inch above the uppermost part of the kneecap.



Swahili is the official language of Tanzania although English is widely used in government and foreign trade. Both the metric and British systems of weights and measures are presently in use. The metric system was officially adopted in March 1970 and is increasingly used in contracts and labeling.

### *Business Hours*

Business hours for the Embassy in Dar es Salaam and the Consulate in Zanzibar are 7:30 a.m. to 3:30 p.m. on Monday, 7:30 a.m. to 2:30 p.m. Tuesday through Friday, and 8:00 to 12 noon on Saturday.

### Holidays

Commercial holidays observed in Tanzania include: January 12 (Zanzibar Revolution Day), February 5 (Birthday of Zanzibar Afro Shirazi Party), Maulid Day*, April 8–10 (Easter), April 26 (Union Day), May 1 (International Workers Day), July 7 (Saba Saba Day), Idd-el-Fitr*, Idd-el-Haj*, December 9 (Independence Day), December 25 (Christmas).

Appendix A: State Trading Companies

The National Development Corporation
P.O. Box 2669
Dar es Salaam
Tel: 26271

The National Steel Corporation
P.O. Box 40031
Dar es Salaam
Tel: 63284

Tanzania Textile Trading Company
P.O. Box 9211
Dar es Salaam
Tel: 20574

Tanzania Wood Industry Corporation
P.O. Box 9160
Dar es Salaam
Tel: 28271

The Tanzania Elimu Supplies Ltd.
P.O. Box 20873
Dar es Salaam
Tel: 25481

The Agricultural and Industrial Supplies Company Ltd.
P.O. Box 4797
Dar es Salaam
Tel: 25201

The Building, Hardware and Electrical Supplies Company Ltd.
P.O. Box 4799
Dar es Salaam
Tel: 28301

The National Pharmaceutical Company Ltd.
P.O. Box 4798
Dar es Salaam
Tel: 27472

The General Foods Company Ltd.
P.O. Box 4796
Dar es Salaam
Tel: 25811

The Domestic Appliances and Bicycle Company Ltd.
P.O. Box 4794
Dar es Salaam
Tel: 21774

The Household Supplies Company Ltd.
P.O. Box 4795
Dar es Salaam
Tel: 26281

The State Motor Corporation
P.O. Box 1307
Dar es Salaam
Tel: 28794

The State Mining Corporation
P.O. Box 4958
Dar es Salaam
Tel: 28781

The Tanzania Film Company Ltd.
P.O. Box 9341
Dar es Salaam
Tel: 22176

* These holidays are related to the Muslim calendar and fall on different days each year.

International
Marketing Information
Series

Overseas Business Reports

**May 1977** **OBR 77–22**

# Marketing in Kenya

**Supersedes OBR 74–53**

**Prepared by Mary L. Manley
Office of International Marketing
Bureau of International Commerce
and based in part on information
provided by the U.S. Embassy in
Nairobi, Kenya**

U.S. Department of Commerce
Domestic and International Business Administration

OBR

International Marketing Information Series

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## Trade Outlook

In 1975, the United States with 9% of the $833 million market was Kenya's fourth supplier. The United Kingdom, the leading supplier, furnished 21% and other European Economic Community (EEC) members 20% of total imports. Iran, as the major supplier of crude oil, and West Germany supplied 15% and 8%, respectively, of Kenya's imports.

The devaluation of the Kenyan shilling in October, 1975, has resulted in the strengthening of world market conditions for Kenya's principal exports (see table 1) with rising export earnings, (coffee, tea and meat products). After 3 years of low economic growth, Kenyan planners foresee an increase of real domestic product ($2.6 billion in 1975) of between 5 and 5.5%. Although the volume of imports is expected to grow at an average rate of 2% and that of exports by 8% during the period of the Development Plan (July 1, 1973–June 30, 1978). The balance of payments constraint, however, will continue to be felt into the 1980's. A revision in the Kenyan Government's development strategy is expected to have far-reaching effects on the country's economic development pattern in 1980's. Accordingly, the current Development Plan, as revised, has shifted development expenditures toward agriculture and rural development, quickly productive projects utilizing local resources, and projects with high employment potential.

A government objective is to increase the total amount of loans and grants obtained from multilateral and bilateral aid sources considerably above the original targets in the Development Plan. In addition to the special World Bank Program Loans, the EEC, the United Nations, and the Special Arab Fund are possible sources of development funds.

### Contents



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*Table 1.—Kenya: Destination of Exports*
(KL thousands)

| | 1971 | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|---|
| European Economic Community | | | | | |
| United Kingdom | 15,471 | 20,392 | 20,622 | 18,700 | 22,677 |
| West Germany | 7,047 | 9,480 | 13,571 | 17,874 | 19,187 |
| Italy | 1,543 | 2,909 | 3,687 | 4,440 | 5,771 |
| France | 537 | 724 | 1,460 | 1,863 | 1,443 |
| Netherlands | 3,435 | 6,989 | 8,096 | 11,445 | 7,467 |
| Other | 1,199 | 1,769 | 4,380 | 10,582 | 4,412 |
| Total | 29,332 | 42,263 | 51,816 | 64,904 | 60,958 |
| Other Western Europe Total | 5,080 | 7,319 | 11,110 | 11,637 | 11,271 |
| Eastern Europe Total | 2,450 | 1,437 | 2,256 | 2,968 | 2,299 |
| U S.A. | 5,625 | 5,491 | 7,532 | 8,028 | 8,408 |
| Canada | 1,119 | 1,753 | 2,706 | 3,329 | 5,038 |
| Africa— | | | | | |
| Tanzania | 14,743 | 16,286 | 16,854 | 19,049 | 20,302 |
| Uganda | 19,150 | 16,507 | 21,898 | 29,287 | 25,855 |
| Zambia | 5,529 | 4,976 | 7,282 | 10,913 | 8,207 |
| Other | 8,527 | 9,837 | 13,054 | 19,345 | 25,304 |
| Total | 47,949 | 47,606 | 59,088 | 78,594 | 79,668 |
| Middle East— | | | | | |
| Iran | 353 | 623 | 592 | 331 | 964 |
| Other | 2,708 | 1,725 | 3,048 | 4,297 | 4,596 |
| Total | 3,061 | 2,348 | 3,640 | 4,628 | 5,560 |
| Far East and Australia— | | | | | |
| Australia | 817 | 769 | 670 | 1,140 | 1,363 |
| Japan | 2,648 | 2,093 | 5,031 | 5,364 | 4,555 |
| India | 2,046 | 2,378 | 1,587 | 2,820 | 2,542 |
| China (Mainland) | 876 | 1,618 | 3,070 | 1,787 | 1,402 |
| Other | 2,132 | 3,001 | 6,856 | 10,874 | 9,948 |
| Total | 8,519 | 9,859 | 17,214 | 21,985 | 19,810 |
| All Other Countries | 1,852 | 2,484 | 5,271 | 8,200 | 10,871 |
| Aircrafts and Ships Stores | 7,354 | 7,688 | 7,047 | 14,135 | 18,616 |
| All Exports | 112,241 | 128,247 | 167,680 | 218,408 | 222,499 |

Source Kenya, *Economic Survey, 1976*

*Table 2.—Leading U.S. Exports to Kenya*
(in US$1,000)

| | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| Wheat | 0 | 7,524.2 | 19 2 | 2 2 |
| Animal fats and oils | 160.8 | 1,681 1 | 3,138 6 | 563.7 |
| Organic chemicals | 1,235 9 | 1,763.1 | 2,930 7 | 2,084 9 |
| Insecticides & fungicides | 2,041 4 | 2,810.9 | 2,231 0 | 1,851.1 |
| Kraft paper & paperboard | 934.8 | 1,700 3 | 4,531.5 | 1,534.1 |
| Jet & gas turbine engines | 205.4 | 35.6 | 360.6 | 748.2 |
| Agricultural machinery | 1,200.6 | 713 8 | 820 5 | 1,455 5 |
| Construction & mining machinery | 1,928.1 | 965 8 | 892 6 | 1,388.8 |
| Machinery & appliances, nes | 1,758.5 | 2,295.3 | 2,126.9 | 2,970.5 |
| Electric power machinery | 361.5 | 1,003 2 | 821.3 | 474.4 |
| Telecommunications equipment | 852.4 | 680 4 | 2,894.1 | 1,153.3 |
| Aircraft | 3,528.0 | 3,623.4 | 2,281.5 | 9,759 2 |
| Total | 25,533 2 | 38,388 5 | 48,398 0 | 47,999 9 |

Source: 1972, 1973, 1974, 1975 U.S Bureau of the Census, FT 455, EQ 455 (microfilm)

In its 3-year budget for FY 1976–78 (July–June), which is part of the government's action program, the Kenyan Government aims at reducing government consumption and increasing production of agricultural commodities for import substitution and export industries. In the development budget, the share for agriculture and water supply is 35% and that for road and building construction is 18%. In 1976, the principal U.S. exports were aircraft and aircraft parts, road motor vehicles, telecommunications equipment, fertilizer, pesticides and insecticides, cereals (except corn flakes), agro-industrial machinery, measuring and controlling instruments, and office machines (see table 2). In addition to these products, opportunities exist for sales to World Bank-financed projects, including the Integrated Agricultural Development Projects, the Rural Access Roads Project, the Bura Irrigation Scheme, as well as to ongoing power, education and health expansion projects. Over 200 U.S. companies have affirmed their confidence in Kenya's economic potential by establishing or enlarging their operations in recent years. Along with food processing enterprises, the Kenyan Government has identified opportunities for investment in the production of basic industrial chemicals and metal products, sugarcane, processing, paper conversion and printing, and the production and weaving of synthetic fibers.

*Table 3.—Trade with Other African Countries*
(KL thousands)

| | Exports [1] | | | | | Net Imports | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1971 | 1972 | 1973 | 1974 | 1975 | 1971 | 1972 | 1973 | 1974 | 1975 |
| Mainland— | | | | | | | | | | |
| Uganda | 19,150 | 16,507 | 21,898 | 29,287 | 25,855 | 8,026 | 7,583 | 4,668 | 3,766 | 1,447 |
| Tanzania | 14,743 | 16,286 | 16,854 | 19,049 | 20,302 | 7,932 | 5,887 | 7,627 | 9,568 | 8,445 |
| Zambia | 5,529 | 4,976 | 7,283 | 10,913 | 8,207 | 208 | 381 | 567 | 2,001 | 500 |
| Ethiopia | 1,016 | 1,059 | 1,800 | 2,315 | 1,190 | 163 | 187 | 174 | 158 | 104 |
| Burundi | 413 | 310 | 513 | 593 | 809 | 1 | — | — | 22 | 17 |
| Somalia | 775 | 1,173 | 1,290 | 1,502 | 3,057 | 56 | 75 | 69 | 245 | 91 |
| Sudan | 488 | 619 | 1,046 | 924 | 1,818 | 7 | 1 | 1 | 6 | — |
| Rwanda | 881 | 1,289 | 1,579 | 2,978 | 4,922 | 353 | 1 | — | 300 | — |
| Zaire | 1,149 | 1,091 | 909 | 1,105 | 1,920 | 731 | 742 | 534 | 367 | 461 |
| Malawi | 238 | 263 | 317 | 494 | 310 | 56 | 6 | 5 | 15 | 15 |
| Mozambique | 231 | 203 | 187 | 92 | 366 | 417 | 118 | 96 | 15 | 81 |
| Egypt | 212 | 276 | 242 | 1,924 | 2,628 | 30 | 42 | 23 | 53 | 58 |
| Algeria and Libya | 441 | 696 | 420 | 551 | 533 | — | — | — | — | — |
| Ghana and Nigeria | 203 | 266 | 233 | 644 | 999 | 53 | 173 | 351 | 445 | 10 |
| Other | 751 | 519 | 962 | 2,052 | 1,710 | 595 | 872 | 403 | 485 | 532 |
| Indian Ocean Islands— | | | | | | | | | | |
| Mauritius | 557 | 702 | 1,376 | 984 | 1,461 | 1 | — | 1 | 6 | 21 |
| Reunion | 559 | 453 | 654 | 854 | 984 | — | — | — | — | — |
| Other [2] | 613 | 919 | 1,527 | 2,333 | 2,597 | 3 | 59 | 64 | 33 | 7 |
| Total | 47,949 | 47,606 | 59,088 | 78,594 | 79,668 | 18,632 | 16,127 | 14,582 | 17,485 | 11,789 |
| Percentage of All Exports/Imports | 42 7 | 37.1 | 35.2 | 35 9 | 35.8 | 9 3 | 8.4 | 6 7 | 4 7 | 3.4 |

[1] Including Re-exports (except for East African Trade)
[2] Madagascar and Seychelles.
Source Kenya *Economic Survey, 1976*



## U.S. Export Promotions

The U.S. Department of Commerce has sponsored a number of successful U.S. export promotions to capitalize on business opportunities in Kenya. Planned events include: Technical Sales Seminars for Integrated Agribusiness (September, 1977); and Modern Port Systems and Management (June, 1978); and a Hotel and Restaurant Equipment Catalog Exhibit (November, 1977).

## Economic Sectors

A sectoral breakdown of Gross Domestic Product (GDP) and sectoral rates of growth in GDP, at current and constant prices, are set out in Table 4. Not all sectors were equally affected by the unfavorable economic climate. The worst. affected sectors were building and production, wholesale and retail trade, and transport. The manufacturing sector continued to expand, but at a considerably slower rate.

Monetary GDP of the agriculture sector at constant prices was 0.7% lower in 1975 than in 1974. Weather conditions and the high cost of inputs affected several crops. Coffee production in 1975 was 6% lower than in 1974. Wheat and sugar cane production fell and sisal output dropped precipitously. The output of meat and dairy products also declined. In contrast, output of tea was marginally higher and the production of maize and pyrethrum reached record levels.

The value of monetary output of building and construction at constant prices fell 6% from $255.1 million in 1974 to $179 million in 1975. Government capital expenditure on building and construction increased by a slight margin, but that by the private sector fell. Private investment was inhibited by the decline in economic activity and by continued rise in building costs.

The contribution of the wholesale and retail trade to GDP at constant prices declined by about 8% in 1975. The decline in the volume of agricultural output and in imports and exports handled by the distribution sector accounts for

*Table 4.—Kenya: Gross Domestic Product*
(KL millions)

| | Current Prices | | | | Constant (1972) Prices | | | |
|---|---|---|---|---|---|---|---|---|
| | 1972 | 1973 | 1974 | 1975 [1] | 1972 | 1973 | 1974 | 1975 |
| Outside Monetary Economy | | | | | | | | |
| Agriculture, Forestry and Fishing | 115.81 | 120 93 | 137 04 | 179 53 | 115.81 | 115.32 | 118.85 | 119.43 |
| Building and Construction | 11 65 | 13.65 | 14 69 | 15.59 | 11.65 | 12.10 | 12 30 | 12.68 |
| Water | 5.00 | 5.16 | 5 28 | 5.51 | 5.00 | 5.08 | 5.15 | 5 25 |
| Ownership of Dwellings | 14 11 | 16 74 | 18 68 | 20.23 | 14 11 | 14 72 | 15 36 | 16 01 |
| Total | 146 57 | 156.48 | 175.69 | 220 86 | 146 57 | 147 22 | 151.66 | 153 37 |
| Monetary Economy | | | | | | | | |
| Enterprises and Non-Profit Institutions | | | | | | | | |
| Agriculture | 94.36 | 107 43 | 123.08 | 128 90 | 94 36 | 96.72 | 96.15 | 95.16 |
| Forestry | 3.55 | 4 27 | 5.42 | 5 72 | 3.55 | 3.96 | 4 45 | 4.45 |
| Fishing | 1 26 | 1.34 | 1.45 | 1 69 | 1 26 | 1 17 | 1 11 | 1.17 |
| Mining and Quarrying | 2.23 | 3.20 | 3.14 | 3.47 | 2.23 | 3.22 | 2 90 | 2.98 |
| Manufacturing | 82.09 | 97.82 | 125.90 | 149 22 | 82.09 | 93 09 | 98 51 | 102.45 |
| Electricity and Water | 8.93 | 9 34 | 10.43 | 12.24 | 8.93 | 9.23 | 10.10 | 11.15 |
| Building and Construction | 35.73 | 38 70 | 43 39 | 45 50 | 35.73 | 35 45 | 32.02 | 30.09 |
| Wholesale, Retail Trade, Restaurants and Hotels | 66.26 | 80 48 | 114.88 | 120 34 | 66.26 | 76 30 | 77 84 | 71.95 |
| Transport, Storage and Communications | 39 61 | 46.13 | 55 65 | 60.59 | 39 61 | 43 75 | 43 22 | 40 64 |
| Finance, Insurance, Real Estate and Business Services | 31.42 | 36 77 | 46.80 | 55.03 | 31.42 | 34.71 | 38.43 | 39 94 |
| Ownership of Dwellings | 27.22 | 30.23 | 35.39 | 46 01 | 27.22 | 28 63 | 29.39 | 30.27 |
| Other Services | 14 69 | 17.30 | 22.14 | 24 97 | 14 69 | 14.56 | 16.85 | 17 02 |
| Total | 407.35 | 473.01 | 588.67 | 653 68 | 407.35 | 440 79 | 450 97 | 447.28 |
| Private Households (Domestic Services) | 5 12 | 6.15 | 7.27 | 8.86 | 5 12 | 5.69 | 6.45 | 7.42 |
| Producers of Government Services | | | | | | | | |
| Public Administration | 29 32 | 29.68 | 34.24 | . | 29.32 | 28.77 | 30.29 | . |
| Defense | 5 35 | 5.67 | 7.43 | | 5.36 | 5 58 | 6.72 | . |
| Education | 39.24 | 43.64 | 55 00 | | 39.24 | 41.69 | 50.56 | .. |
| Health | 11.68 | 12.04 | 13.93 | .. | 11.68 | 11.55 | 12 17 | |
| Agricultural Services | 8.47 | 8 76 | 9 73 | . | 8.47 | 8.51 | 8 86 | |
| Other Services | 13 11 | 13.78 | 15 67 | | 13.11 | 13 50 | 14.36 | .. |
| Total | 107.18 | 113.57 | 136 00 | 158 61 | 107 18 | 109.96 | 122.96 | 129.11 |
| Total Product Monetary Economy | 519 65 | 592 73 | 731.94 | 821.15 | 519 65 | 556.08 | 580 38 | 585.81 |
| Total Gross Product at Factor Cost (Monetary and Non-Monetary) | 666.22 | 749 21 | 907 63 | 1,042 01 | 666.22 | 703 30 | 732 04 | 737.18 |
| Gross Domestic Product per Capita . . . Kl | 55 21 | 60.02 | 70 29 | 77.77 | 55.21 | 56.34 | 56 69 | 55.02 |

[1] Provisional
Source Kenya, *Economic Survey, 1976*

this fall. These factors also influenced the output of the transport sector.

The production of the manufacturing sector increased at a considerably slower rate than anticipated. The value of output in real terms rose by 4% between 1974 and 1975 compared with an increase of 6% between 1973 and 1974. The output of textiles and paper and paper products increased sharply. But the conditions in other industries were less favorable, particularly in those producing food, beverages, tobacco, chemicals, and metal products. Manufacturing, wholesale and retail trade, and hotels and restaurants, transport, building and construction, agriculture, and services accounted for 97% of the total wage bill of the enterprise sectors of the economy.

Real per capita income at constant prices fell by about 3% to $174 in 1975, after the decline in per capita GDP at constant prices in the terms of trade. This followed a decline of 5% in real per capita income in 1974.

## Agriculture

### *General*

About 90% of Kenya's population lives in rural areas and depends primarily upon agriculture, which provides over 25% of recorded wage employment. In 1976, the sector contributed about 30% of GDP, of which about 16% is provided by subsistence agriculture and 14% by monetary agriculture. Less than 20% of Kenya's land has high or medium agricultural potential. Most of the better land is in the highlands in western Kenya or along the coast. Because of geographic and climatic variations, diverse farm commodities are produced. The principal export products are coffee, tea, sisal, beef, and pyrethrum. The major food products marketed domestically are maize, wheat, sugar, livestock, and dairy products. Maize is the main subsistence crop. Pulses, cassava, millet, and bananas also are grown for subsistence. Before independence, the agricultural market sector was dominated by large-scale holdings generally operated by Europeans. Most of these holdings have been transferred to Africans either intact or subdivided. Considerable efforts have been made to develop smallholder agriculture in the traditional farming areas, especially through encouraging the production of high value export crops, such as coffee, tea and pyrethrum, and through introducing hybrid maize and improved cattle. As a result of these developments, smallscale farms produce about 50% of total marketed agricultural production.

Agricultural exports have increased faster than the total value of agricultural product. During 1967–73, the value of agricultural exports increased an average of 11.8% a year, in contrast to the 7.6% gain for total agricultural production and the 9.8% increase for production in the monetary sector. At the beginning of the period, agricultural exports were valued at 71% of total exports compared with about 68% at the end of this period. Total exports rose an average of 12.2% a year during the period.

During the period from 1963 until 1973, Kenya was successful in expanding its important agricultural sector by an average real growth rate of over 4% annually. A significant part of this growth was attributable to private large-scale farming. Substantial progress was also achieved by smallholders. The latter mainly focussed on export cash crops such as tea, coffee and pyrethrum, which are promoted by single crop statutory boards. More recently, Kenya has recognized the need to give higher priority to the needs of less privileged small farmers in areas largely excluded from the development process. Kenya now aims to both widen the social impact of development and the production base to strengthen the economy suffering from a number of adverse international economic factors. The Kenya Government has prepared the Integrated Agricultural Development Program to meet these objectives. Increased emphasis is being placed on decentralized planning and project implementation and its aim to progressively develop comprehensive farm systems rather than the promotion of a single crop or farming activity. In both respects this program represents a significant change in the approach to smallholder agriculture.

Government direct services to agriculture are delivered through the Ministries of Agriculture, Cooperative Development, Natural Resources and Works, as well as through more than 15 statutory corporations and boards. Apart from the installation and maintenance of roads, water supplies, and other agricultural infrastructure, these services include the provision and regulation of research, extension and staff and farmer training, input and output marketing, credit, price controls for inputs and outputs, and regulation of land title.

***Table 5.—Kenya's Agricultural Production***
(in thousands of metric tons)

| | 1969 | 1970 | 1971 | 1972 | 1973 | 1974 [1] |
|---|---|---|---|---|---|---|
| Clean Coffee | 52 4 | 58 3 | 59 5 | 62 0 | 71 2 | 72 8 |
| Tea | 36 1 | 41 1 | 36 3 | 53 3 | 56 6 | 50 1 |
| Sisal | 49 8 | 43 9 | 44.8 | 41 2 | 58 1 | 75 0 |
| Pyrethrum Extract | 0 1 | 0 1 | 0 1 | 0 2 | 0 2 | 0.2 |
| Wattle Bark | 33 8 | 29.2 | 28 2 | 34 0 | 27 8 | n a |
| Seed Cotton | 17 1 | 14 0 | 16 8 | 17 0 | 16 2 | 14.5 |
| Sugar Cane | 1,300 7 | 1,451 2 | 1,378 0 | 1,062 3 | 1,545 1 | 1,748 4 |
| Raw Cashew Nuts | 7 2 | 22 2 | 19 2 | 12 0 | 15 2 | n a |
| Pulses | 16 3 | 6 6 | 6 2 | 18 6 | 7 5 | n a |
| Maize | 280 3 | 205 7 | 256 6 | 373.0 | 440 8 | 321 2 |
| Rice Paddy | 22 7 | 28 5 | 30 0 | 33 8 | 36 1 | 34 7 |
| Wheat | 241 6 | 221 5 | 205 7 | 164 4 | 124 6 | 136 2 |
| Pineapples | 17 1 | 32 0 | 34 1 | 36 5 | 48 1 | — |

[1] Estimated
Source Kenya, *Statistical Abstract, 1974*



Actual locations and detailed coverage of each project are to be determined by Work Plans prepared at least once a year and agreed upon by the Kenyan Government and the World Bank.

**Climate.**—Equatorial Africa provides two distinct rainy seasons, the long rains (essentially from March through May) and the short rains (September through November). These seasons are separated by the two driest months (January and July).

**Soils.**—In the higher altitudes, there are deep red, friable loams where the rectification of phosphate deficiency leads to good crop yields. Available soil moisture usually is adequate to help the crop through the two dry seasons at the beginning and mid-year periods. For annual arable cropping, especially of shallow-rooted crops, the soil moisture availability can often be critical. This has been indicated in the occasional years of low cereal yields.

On the plateaus below the higher elevations there is a range of soil types. The more common type has a lateritic horizon often with impeded drainage. A second type, also found at lower elevations, is the "black cotton" soil commonly found in Nyanza, the Kano Plain, and some of the coastal shores of Lake Victoria. These soils become difficult to manage under very wet conditions and generally have low nutrient quality. Available soil moisture is less than the red soils at higher elevations. In general, there are less optimum yield levels at these lower altitudes.

### *Irrigation*

Only 25,000 acres of land in Kenya are irrigated. The irrigable potential of the country is at least 500,000 acres and probably a great deal more. Since its formation in 1966, the National Irrigation Board (NIB) has undertaken six large schemes while the Ministry of Agriculture continues to oversee minor irrigation. NIB's schemes are (1) Mwea, 15,000 acres of Pakistani paddy rice; (2) Ahero, 2,000 acres of paddy rice and sugar cane; (3) Bunyala, 500 acres of paddy rice; (4) Perkerra, 770 acres of onions, chilies, and other horticultural crops; (5) West Kano, 2,000 acres of paddy rice and sugar cane; (6) Hola, 2,100 acres of cotton, maize, and pulses. The gross value of the produce from these schemes is $4 million annually. Approximately 5,000 tenant farmers supply the labor and derive income.

Mwea has already realized its maximum potential, but there is considerable expansion possible in the West Kano scheme for rice and sugar cane in the Kisumu Valley. In 1968 President Kenyatta directed that a 2,000 acre irrigation scheme be undertaken for rice at Kisumu, but the endeavor was troubled by blast disease and hailstones. NIB shifted to a more resistant variety of rice. The irrigation scheme currently under construction, to be completed in June 1977, will have 2,000 acres of rice and cane. Pumping from Lake Victoria will cost $2,400 an acre. Bilharzial infection and malaria are kept manageable through chemical treatment.

Also located near Kisumu is a scheme comprising 7,000 areas of drained swamp where cane has done well, though the soil is mushy and bogs down machinery. NIB will build a dike to restrain the excessive flooding from Lake Victoria and believes the area will prove to be suitable for rice and cotton.

The Hola scheme already yields 2,500 pounds of excellent cotton per acre. Since 1969, however, Hola has been a pilot experiment for the development of a more extensive area in which sugar cane as well as cotton appears promising. In 1956, Alexander Gibbs Partners identified the region of the upper Tana River (surrounding Meru and Garissa) as the potential nucleus of an irrigable stretch of 1 million acres. The Dutch financed the research station at Hola and commissioned the Dutch consulting firm ILACO to do a feasibility study for the lower Tana as well. Completed in 1972, the study identified Bura area on the west bank of the Tana River's basin as also irrigable, with a potential of 200,000 acres suitable for cotton, rice, and sugar cane. A World Bank appraisal team sent to Kenya in October 1975 decided to go ahead with the approved initial development of 30,000 acres. Infrastructure will be constructed for entire villages; tenant housing, clinics, schools, community centers, staff offices, roads, water supply, sewerage, and power. The scheme will take 8 years to construct and will use the National Youth Service. About 11,000 families eventually will settle as tenants upon invitation. The population of the scheme is expected to reach 100,000. NIB will construct a diversion weir across the Tana River, then construct a main canal of 61 kilometers with secondary and ter-

tiary canals and surface drainage; the motive force will be gravity. Total cost of Dura is projected at $168 million. The World Bank has confirmed $46 million; the Netherlands, $15 million; the Commonwealth Development Corporation, between $5 million and $10 million (at 8%); the European Community, $12 million; the Federal Republic of Germany, $20 million (stretched out until 1979); and the Government of Kenya, suppliers credits up to $2.3 million.

Key dates for U.S. contractors to keep in mind for the Bura scheme are as follows:

| | |
|---|---|
| January 31, 1977 | Design and contract documents to be completed. |
| February 28, 1977 | Design and contract documents approved by the World Bank. |
| March 10, 1977 | Tender documents to be issued. |
| June 10, 1977 | Bids close. |
| August 10, 1977 | Contract for construction to be awarded. |
| October 10, 1977 | Contractor to begin work |
| February–March 1980 | First irrigated plots to be cropped. |

Irrigation techniques are needed to mine aquifiers, recharge water-bearing strata, catch storm runoffs, or desalinate. Other possible techniques might be flash distillation; electrodialysis; vacuum freezing; reverse osmosis; filtration under pressure; mixing volatile hydrocarbons with sea water; solar distillation; windmill pumps; hydraulic rams.

### *Livestock*

Livestock represents a major national resource for Kenya. The livestock population consists of about 9.5 million cattle (including 500,000 dairy cows) and about 8 million sheep and goats. Half of the cattle is concentrated in densely populated agricultural areas and the other half is widely spread over the sparsely settled rangelands. About 500,000 are found on large-scale commercial ranches; these are the principal source of quality beef production. Over 800,000 head of cattle are slaughtered annually, a total offtake rate of about 9%. Only about 285,000 head are marketed through commercial farms and ranches and half from traditional pastoral areas. Domestic per capita beef consumption (about 13 kilograms) is high in comparison with that of other countries in eastern Africa.

The indigenous Zebu, with a total of about 8.8 million head, is the most important type of livestock in Kenya. Two subtypes and a number of intermediate stages also are identifiable. The large East African Zebu that occupies the northern and northeastern range areas totals about 1.6 million head. The small East African Zebu, which is indigenous to the highlands and southern range areas, totals about 5.1 million head. An estimated 2.1 million head are of intermediate size. The major part of Kenya's commercial beef cattle consists of improved Boran and its crosses with exotic breeds; there are about 500,000 such animals in the country. The majority of dairy cattle are owned by smallholders and settlement farmers in Central Province. Dairy cattle are increasing rapidly in the high potential areas of eastern Kenya. The annual increase in the number of dairy cows currently is about 8%. A large proportion of the dairy herd is comprised of crossbreds of exotic dairy breeds and the indigenous Zebu.

The major animal disease problems include trypanosomiasis, East Coast and other tickboner fevers. Contagious Bovine Pleuropneumonia and Foot and Mouth Disease. Rinderpest has been almost eliminated. The standard of veterinary service is good and an active program of disease control is being carried out.

All livestock markets, stock routes, and holding grounds are owned and operated by the Livestock Marketing Division (LMD) of the Ministry of Agriculture, LMD acts as buyer of last resort, and is the largest buyer of cattle from Northeast Province. In 1972 LMD purchased about 18% of total cattle marketed and purchases were almost entirely from Northeast Province.

### *The Kenya Meat Commission*

The Kenya Meat Commission, a state agency, has a monopoly over exports of meat and meat products. About 50% of its total production is exported. Most of the canned beef is exported to the United Kingdom and the chilled and boneless recently have been sent to Italy, Spain, and Switzerland. KMC owns and operates two large meat packing plants at Athi River and Mombasa. The processing capacity of these facilities is about 155,000 and 60,000 head, respectively. The Athi River plant is within the disease-free zone and generally is considered to meet export standards.

**Second Livestock Development Project.—** The $60 million World Bank-financed project over the period of the period from 1974 to 1979 will develop about 60 group ranches, 100 commercial ranches, 21 company or cooperative ranches, and three feedlots. It will also provide for the development of communal grazing land in Northeast Province and about 3 million acres in Isiolo district by providing water facilities and access roads. Foreign exchange costs, including an International Development Association credit of $21.5 million, and U.S. financing of $7.3 million will finance water development and some ranch development. The Agricultural Finance Corporation is the lending channel for project beneficiaries for ranch development and feedlots.



### *Forestry*

Kenya's total forest plantation area increased to an estimated 142,500 hectares in 1975 from 115,900 hectares in 1970 (See Table 6). Twenty-one percent of the new forest plantation areas planted during the period from 1968 through 1974 is within the Turbo afforestation area and is earmarked to supply timber to the pulp and paper mill at Webuye. In 1975, Kenya's exports of wood and wood products totalled 73,058 MT and were valued at $1,063,450.

The $35.4 million pulp and paper mill at Webuye, which began operations in late 1974, has a log intake of 275,000 cubic meters and is expected to produce 45,000 metric tons of paper a year. In addition, three plywood mills, with an output capacity of 3.8 million square meters, are in production. Two other plywood mills are to be built in the Transmara and northeastern Mt. Kenya areas. When all are completed, the five mills are expected to have a combined annual production 5.4 million square meters. A fiberboard mill at Elburgon, which was completed in 1974, has an output capacity of 700 metric tons of manufactured hardboard for domestic use.

### *Fisheries*

As shown in Table 7, the quantity and value of fish landed in Kenya increased by 16.4% during the period from 1971 through 1975. The sharp decline of 342 tons in fish landed in 1974 from 1973 largely was due to the 12% decline in marine fish yields. Landings from freshwater fisheries increased 14% in value in 1974 over 1973 and accounted for 88% of all fish landed in 1974. Preliminary data indicate landings from freshwater fisheries increased 22% in value in 1975 as compared to 1974 and accounted for an estimated 81% of fresh weight of all landings in 1974. In particular, there has been a steady annual rise in the amount of fish from Lakes Victoria, Rudolf, and Baringo. Despite the upward trend in the quantity of fish landed, Kenya is a net importer of fish and fishery products. In 1975, total imports of 1,594 MT were valued at $938,043 and exports totalling 2,076 MT were valued at $848,865.

***Table 6.—Kenya: Forest Plantation Area***
(in thousands of hectares) [1]

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 [2] |
|---|---|---|---|---|---|---|
| Indigenous softwoods . | 4 6 | 4 6 | 4 6 | 4.7 | 4 7 | 4 7 |
| Indigenous hardwoods | 4.3 | 4 5 | 4 4 | 4 8 | 5 0 | 5 3 |
| Exotic softwoods | | | | | | |
| Cypress . . | 43 8 | 47 0 | 47 4 | 50 0 | 53 2 | 56 7 |
| Pines . | 51 1 | 52 2 | 57 6 | 58 5 | 61 4 | 64 9 |
| Exotic hardwoods | | | | | | |
| Timber . . | 2 3 | 2 3 | 1 6 | 1 7 | 1 8 | 1 8 |
| Fuel .. . .. | 9 8 | 9 3 | 7 7 | 8 3 | 8 8 | 9 1 |
| Total Area . | 115 9 | 119 9 | 123 3 | 128 0 | 134 9 | 142 5 |

[1] 1 hectare equals 2 471 acres
[2] Provisional
Source Kenya, *Economic Survey, 1976*

***Table 7.—Kenya: Fish Landed***

| | 1971 | 1972 | 1973 | 1974 | 1975* |
|---|---|---|---|---|---|
| (in metric tons) | | | | | |
| Freshwater fish | | | | | |
| Lake Victoria | 14,198 | 15,989 | 16,797 | 17,175 | 16,581 |
| Lake Turkana . | 3,612 | 4,090 | 4,927 | 5,731 | 10,662 |
| Other areas | 2,599 | 2,007 | 3,174 | 2,259 | 1,993 |
| Total . . . | 21,129 | 22,086 | 24,898 | 25,165 | 29,236 |
| Marine fish .. | 6,562 | 7,411 | 3,546 | 3,116 | 4,220 |
| Crustacenas . | 274 | 185 | 210 | 121 | 124 |
| Other marine products . | 199 | 126 | 269 | 179 | 187 |
| Grand Total . . | 28,164 | 29,808 | 28,923 | 28,581 | 33,767 |
| (in thousands of US$) | | | | | |
| Freshwater fish | 2,644 | 2,794 | 3,267 | 3,728 | 3,897 |
| Marine Fish . . | 1,434 | 1,296 | 1,025 | 1,039 | 1,506 |
| Crustaceans | 199 | 151 | 171 | 113 | 140 |
| Other marine products . | 19 | 22 | 53 | 45 | 227 |
| Total . . | 4,295 | 4,264 | 4,516 | 4,925 | 5,771 |
| Freshwater Fish . | | | 29,236 | | |
| Marine Fish . | | | 4,220 | | |
| Crustaceans .. . | | | 124 | | |
| Other Marine Products | | | 187 | | |

[1] Provisional
Source Kenya, *Economic Survey, 1976*

## Manufacturing

Manufacturing output rose by 7.5% in 1974 (contributing 14% of GDP) and by an estimated 4% in 1975. In 1974 the highest growth rates were registered by paper and printing (20%), beverages and tobacco (16%), and wood products and furniture (16%). Although food processing, footwear, and clothing showed large declines and there was virtually no growth in textile production, those sectors accounted for about 45% of the value of manufacturing output. Output in food processing industries decreased by 4%, reflecting the effect of the drought on agriculture. Particularly affected were coffee milling, the processing of meat and dairy products, and the canning of vegetables and fruits. Sugar confectionery was severely affected by increased imports of confectionery and the rise in the price of sugar. Production of footwear and clothing fell by almost 9%. The decline largely was due to the 23% decrease in the output of the clothing industry, which faced increased competition from imports during 1973 and 1974. Moreover, most firms rely in part on export markets and a few have been adversely

affected since 1972 by the restrictions of imports of these commodities into Tanzania and Uganda. Increased manufacturing output in 1975 stemmed mainly from a rise in textile production, attributable to some extent to a reduction of imports.

The 1974–1978 Development Plan had projected an increased rate of new investment and output in manufacturing. The balance-of-payments crisis caused by the world inflation of 1974 and 1975, however, was expected to bring particularly difficult problems of adjustment for the manufacturing sector because of its dependence on imports, notably capital equipment and spare parts. Accordingly the government revised the plan to reduce the projected rates of new investment and growth in output. More emphasis is to be placed on increasing the use of existing capacity, replacing costly imports, and seeking more joint ventures with foreign investors. Stricter standards of selection are to be applied to new projects.

The plan had projected the fastest growth in production of pulp and paper, leather tanning, textiles, chemical products, and miscellaneous food processing. The largest new investments are foreseen in textiles, fertilizers, and metal semimanufactures. Investment agreements have been signed for the Ken-Ren Chemical Fertilizer plant at Mombasa and for two new textile mills. One at Eldoret and the other Nanyuki are to produce cotton dress fabrics using 70% high-quality Kenyan cotton previously exported and 30% cotton of a special type from Uganda and Tanzania. After publication of the plan it was decided to reduce the proposed size of the Eldoret mill and to postpone indefinitely a third project for a mill that would have used imported materials to produce polyester fabrics. It was not clear in the heavy investment proposed under the plan how metal semimanufactures was to proceed. The metal products group had grown too rapidly and was operating at between 40 and 70% of capacity in 1975. Recent developments in major industrial sectors are summarized in the following.

***Table 8.—Kenya: Quantity Index of Manufacturing Production***

(1969=100)

| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975* | Percentage Change 1974 to 1975 |
|---|---|---|---|---|---|---|---|
| Coffee Milling | 107.3 | 135.8 | 129.7 | 149.3 | 117.6 | 131.5 | +11.8 |
| Meat Processing | 108.4 | 100.1 | 100.6 | 82.0 | 73.1 | 64.0 | −13.1 |
| Dairy Products | 105.7 | 100.6 | 121.4 | 135.2 | 134.4 | 126.4 | − 6.0 |
| Canning of Fruit and Vegetables | 130.9 | 141.9 | 154.4 | 230.0 | 200.9 | 329.2 | +63.0 |
| Canning and Preserving of Fish | 110.0 | 90.0 | 90.0 | 90.0 | 90.0 | 110.0 | +22.2 |
| Grain Milling | 119.2 | 116.5 | 120.1 | 130.8 | 131.3 | 125.7 | − 4.3 |
| Bakery Products | 115.4 | 160.0 | 188.5 | 205.1 | 214.5 | 206.5 | − 3.7 |
| Sugar | 108.9 | 107.7 | 79.2 | 121.4 | 142.8 | 138.8 | − 2.8 |
| Confectionery | 97.1 | 98.2 | 120.0 | 125.9 | 62.4 | 52.9 | −15.2 |
| Miscellaneous Food | 102.3 | 113.3 | 146.4 | 160.5 | 184.0 | 207.3 | +12.7 |
| Total Foodstuff Processing | 111.8 | 118.1 | 127.7 | 142.6 | 143.9 | 147.0 | + 2.2 |
| Beverages | 120.7 | 141.2 | 162.6 | 198.2 | 228.2 | 234.7 | + 2.8 |
| Tobacco | 114.6 | 123.3 | 127.6 | 143.7 | 169.6 | 167.1 | − 1.5 |
| Total Beverages and Tobacco | 119.1 | 136.4 | 153.3 | 183.7 | 212.6 | 216.7 | + 1.9 |
| Cotton Ginning | 119.5 | 130.3 | 125.1 | 119.2 | 122.4 | 131.4 | + 7.4 |
| Knitting Mills | 110.2 | 127.3 | 120.5 | 119.0 | 117.5 | 118.6 | + 0.9 |
| Cordage, Rope and Twine | 48.4 | 82.3 | 118.4 | 147.7 | 116.1 | 161.2 | +38.8 |
| Spinning and Weaving | 128.6 | 146.5 | 142.6 | 171.2 | 211.3 | 218.9 | + 3.6 |
| Total Textiles | 91.8 | 115.5 | 127.5 | 149.4 | 148.9 | 171.0 | +14.9 |
| Footwear | 103.5 | 128.6 | 136.1 | 125.5 | 130.1 | 139.0 | + 6.8 |
| Clothing and Wearing Apparel | 124.4 | 120.4 | 141.4 | 188.1 | 167.4 | 174.1 | + 4.0 |
| Canvas Goods | 133.4 | 100.9 | 96.3 | 100.6 | 102.0 | 121.6 | +19.2 |
| Total Footwear and Clothing | 121.3 | 118.2 | 119.6 | 153.9 | 144.1 | 154.1 | + 6.9 |
| Wood Products | 102.5 | 98.6 | 105.1 | 111.2 | 107.2 | 108.3 | + 0.6 |
| Furniture and Fixtures | 112.5 | 133.3 | 195.9 | 216.7 | 225.0 | 283.3 | +25.9 |
| Total Wood Products and Furniture | 106.7 | 113.1 | 143.1 | 155.4 | 156.6 | 131.7 | +16.0 |
| Paper | 112.0 | 125.8 | 128.2 | 144.7 | 149.8 | 239.7 | +60.0 |
| Printing | 111.6 | 136.8 | 113.4 | 135.3 | 145.6 | 157.1 | + 7.9 |
| Total Paper and Printing | 111.7 | 134.2 | 116.9 | 137.5 | 146.6 | 176.5 | 20.4 |
| Leather and Leather Products | 79.6 | 102.0 | 130.4 | 140.4 | 140.7 | 107.0 | −24.0 |
| Rubber and Rubber Products | 116.5 | 135.0 | 161.8 | 347.5 | 349.3 | 298.3 | −14.6 |
| Chemicals | 101.4 | 113.0 | 117.8 | 127.1 | 129.3 | 132.8 | + 2.7 |
| Petroleum Products | 99.9 | 118.2 | 116.5 | 122.3 | 132.5 | 133.2 | + 0.5 |
| Non-Metallic Minerals | 122.8 | 123.5 | 132.0 | 130.0 | 135.3 | 145.1 | + 7.2 |
| Metal Products | 111.1 | 121.9 | 132.9 | 166.4 | 158.4 | 157.3 | − 0.7 |
| Non-Electrical Machinery | 117.4 | 119.4 | 128.3 | 219.9 | 256.9 | 242.0 | − 5.8 |
| Electrical Machinery | 115.0 | 123.9 | 124.1 | 138.6 | 154.0 | 150.6 | − 2.2 |
| Transport Equipment | 102.4 | 112.1 | 110.9 | 115.6 | 125.7 | 126.5 | + 0.7 |
| Miscellaneous Manufacturing | 126.4 | 173.4 | 174.8 | 132.6 | 150.2 | 169.1 | +12.6 |
| All Manufacturing | 110.0 | 121.6 | 127.8 | 144.9 | 153.4 | 159.5 | + 4.0 |

Source Kenya, *Economic Survey, 1976*



### *Food Processing*

This group of industries registered a 2.2% growth in output in 1975 as compared to 1974. The production of canned fruits and vegetables increased sharply following the expansion of Kenya Canners. The output of milled coffee, processed fish, and other miscellaneous foodstuffs also increased.

**Canneries.**—Fruit and vegetable canning accounts for 9% of the total output of food processing industries. In 1975, production of canned fruits and vegetables rose 64% over the 1974 level. The sharp rise in production was the result of the $9.8 million expansion program initiated in 1972 by Kenya Canners to enable increased exports of canned pineapple. As a result, exports of canned pineapples rose substantially from 8,662 tons valued at $3.9 million in 1974 to 19,990 tons worth $10.1 million in 1975.

**Grain Milling.**—The output of grain mill products decreased 4.3% in 1975. Domestic demand for wheat flour declined by 16,612 tons in 1975, largely because of prevailing high prices for wheat products. A widespread switch from wheat flour to maize meal consumption reflected the pressure on living standards following the high increases in consumer prices in 1974 and 1975.

Developments in the grain milling and related industries include proposals to establish a $4.7 million maize milling plant at Nakuru; a new $944,000 biscuit factory at Nairobi; and a $2.2 million extension of an existing biscuit factory at Nairobi. Other plans call for construction of several grain silos at a total cost of $782,000.

### *Textiles*

The overall production of Kenya's textile industries rose 15% in 1975 compared with a 0.4% decline in 1974. Output of cordage, rope, and twine increased 39% while production of ginned cotton rose 7.4%. With the completion of a new $1.4 million ginnery in Meru District, ginned cotton production will be increased further.

The industry will benefit from the $2.1 million extension of knitwear factory at Eldoret which will enable the factory to process all its raw materials.

The production of local spinning and weaving mills meets approximately 55% of domestic demand. This proportion is expected to increase substantially with the completion of the integrated textile mill at Nanyuki.

Investment in the textile industry is increasing. The construction of the largest integrated textile mill in Kenya is underway at Eldoret. The plant will cost an estimated $35 million. It will have 11,232 spindles, 276 automatic looms, and a complete repair workshop.

### *Sugar*

In 1975, local sugar production satisfied about 82% of domestic demand compared with 73.1% in 1974. Within a few years Kenya will be self-sufficient in sugar production when two factories become operational. In 1975, an agreement was signed for the establishment of $70 million sugar complex at Bungoma in Western Province. Initially, this complex will produce 60,000 tons of white sugar a year with a possibility of expansion to raise annual output to 90,000 tons. A second complex of similar capacity is to be established at Awendo in South Nyanaza. Additionally, plans call for the possible expansion of the production capacity of the sugar factory at Mumias to approximately 156,000 tons from its present 75,000 ton capacity. The cost of such expansion is estimated at $84 million.

### *Cashew Nut Processing*

The most important development in this industry was the opening of the $7.5 million cashew nut processing plant at Kilifi.

### *Beverages and Tobacco*

The output of this group of industries increased by only 1.9% in 1975 compared with an average growth rate of over 16% a year from 1969 through 1974. Beer production accounts for 54.5% of the total output of this group. It declined 2.4% in 1975 due to a reduction in domestic demand. The drop in demand was believed due to prices increases. The production of cigarettes also declined for the same reason. In contrast, the production of mineral water rose 23%. The rising level of demand has prompted further expansion in the manufacturing capacity of mineral waters. A new soft drink factory is to be established at Nyeri.

### *Meat Processing*

Owing to the lower intake of beef cattle by the Kenya Meat Commission, the output of meat processing industries declined 12.4% in 1975. Meat production was 11,393 tons, 6.7% below the 1970 level of 27,992 tons. However, the level of meat and meat preparations exported rose to 8,123 tons of exports valued at $14 million in 1974 compared to 6,564 tons worth $12.6 million the previous year.

### *Dairy Processing*

A substantial amount of investment has been made in dairy processing industries in recent years. Two dairies, one at Nairobi and the other at Mombasa, are to be built at an estimated total cost of $15.2 million. When completed the Nairobi plant will increase their city's capacity to process milk by 60% and the Mombasa dairy will be able to raise butter production substantially.

### *Paper and Printing*

In 1975, the paper and printing industry as a whole registered a 20.4% increase in output. Output was influenced greatly by the initiation of paper production at the pulp and paper mill at Webuye. In 1975, the plant's first full year of operations, the mill produced 25,087 tons of paper. Local capacity satisfies the domestic demand for machine-made papers excluding newsprint and other specialized types of paper. Exports of paper and paper products were valued at $11.2 million in 1974 and $10.6 million in 1975. The opening of new markets in Kuwait, Iran, Pakistan, and India is anticipated.

### *Leather*

Production in the leather industry has declined sharply because of fall in demand in export markets. Exports of dressed leather declined from 38,344 square meters valued at $302,249 in 1974 to 11,148 square meters worth $84,000 in 1975. A new $1.5 million tannery at Athi has the capacity to treat 100 hides a day.

### *Rubber and Rubber Products*

In 1975, the steep rise in tire prices as well as the large stock of imported tires adversely affected local production. Tire production declined 50.9% from 205,164 tires in 1974 to 100,694 tires in 1975. Imports of motor vehicle tires totaled 186,796 tires valued at $6.4 million, compared with 42,186 tires worth $1.1 million in 1973. In 1975, the following types of tires were imported: Road motor vehicle, 220,090; aircraft, 1,970; bicycle, 212; and other, 2,174.

### *Chemicals*

The overall output of chemicals industries increased moderately in both 1974 and 1975 and at rates well below the 10.5% target average rate in the Development Plan. Growth was held back during this period because largely of the declining rate in the production of soap, detergents, toothpaste, and vegetable oil extracts caused by the drop in exports to Uganda. The 2.7% increase in the industry's production in 1975 mainly is attributable to a 16.3% increase in the production of paints due to rising demand in overseas markets.

New investments include the $1.9 million expansion of the pyrethrum extracting plant at Nakuru, the construction of a $1.5 million factory to manufacture waterproofing materials, disinfectants and road sealers; the establishment of a $460,000 factory to manufacture infusion solutions for hospital use; and the completion of the $460,000 zinc oxide plant at Nairobi, which has an annual production capacity of 1,000 tons. The construction of a $490,000 match factory and a $490,000 soap factory is planned.

### *Nonmetallic Minerals*

The production of this group of industries rose 7.2% in 1975. The output of clay products increased 34.4% as the result of new capacity in 1974. The rising demand from Tanzania and Uganda led to a 16% growth in glass products. The output of cement also increased moderately. Exports of cement rose 3.8% in 1975 to 55,500 tons while total production rose by 4.7% to 897,100 tons.

In 1975, the new $760,000 million motor vehicle windshields plant at Nairobi began production of between 25 and 30 windshields a day. With the capacity to produce 75 windshields a day, the plant is expected to be able to supply the three new motor vehicle assembly plants being established in Kenya.

### *Metal Products*

Domestic demand for several types of locally manufactured metal products was held back by the inventory buildup that occurred in 1974. The production of rolled steel bars, rods, angles, shapes and sections, corrugated iron sheets and wire products was particularly affected. The decline in building activity in 1975 contributed further to the output growth slowdown in this industrial group sector. The most important development was the establishment of a $2.8 million wire drawing and galvanizing plant at Ruiru which has a production capacity of about 12,000 tons per of galvanized wire a year. A $460,000 welding alloys factory was set up in Nairobi in 1975.

### *Motor Vehicle Assembly*

The Kenyan Government, through ICDC, will have 51% and the General Motors Corporation of the U.S. 49% of the shares of the commercial vehicle assembly plant under construction at Nairobi. The plant will assemble 6,000 Bedford



and Isuzu light, medium and heavy vehicles. The Kenyan Government also has a majority share in the British Leyland plant at Thika that is assembling 3,650 vehicles a year. The plant will assemble and export trucks, buses, Land Rover and Range Rover four-wheel drive vehicles and Volkswagen light commercial vehicles. When completed, a third plant at Mombasa will be operated by Associated Vehicle Assemblers, a London-based consortium of Inch Cape MacKenzie and Lonhro. It will use imported Ford, Mercedes, Peuguot, Datsun, and Toyota components.

### *Petroleum Refining*

In 1974 an extension to the East African refinery at Mombasa built in 1963 added capacity of 5,500 tons a day of petroleum products. The previous capacity was 7,700 tons a day. Annual capacity is 4.3 million tons. The government owns 50%; British Petroleum, Esso and Shell, 12.75% each; and Caltex 11.5%. The crude is imported from Iran (40%), Saudi Arabia (36%), and other Near Eastern sources. The refined products go to Kenya, Uganda, northern Tanzania, Rwanda and Burundi. A new $25 million expansion is under way. Because of the mounting cost of operating tanker trucks, the government-owned Kenya Pipeline Company was created in 1975 to build a 14-inch, 280-mile pipeline from Mombasa to Nairobi by 1977. The cost was expected to be US$83 million, and a loan of US$20 million was obtained from the World Bank.

## Mining and Minerals

Mineral exploration in Kenya has intensified during the 1970's. Discoveries include exploitable deposits of nickel and chrome ore and a ruby deposit reported to be the world's richest. A new enterprise began production of lead, silver, and zinc in 1974. In 1973 production of crude minerals (including fertilizer) comprised natron (natural sodium bicarbonate or soda ash), fluorspar, lime, limestone, salt, carbon dioxide, magnetite, and minor quantities of barites, feldspar, magnesite, diatomite, vermiculite, wollastonite, copper, gold, sapphires, garnets, tourmalines, and aquamarines. A new deposit of green garnets has been discovered in addition to the red garnets already produced. Deposits of niobium and europium (rare earths used in stainless steel) have been discovered in the coastal area.

A number of other minerals are present in exploitable quantities, and some are actively mined in years when rising demand brings the world market price above the cost of extraction. The lack of cheap energy resources and the distance of deposits from industrial centers or transport had precluded development of several minerals. In 1974 sizable deposits of nickel and chrome ore were discovered at Sekker in Kara Pokot District near the Uganda border 60 miles north of Mount Elgon. A local firm, Western Oil Company, and the New York-based Oil Ventures International have been studying the feasibility of commercial exploitation. The nickel deposit was tentatively assessed at about 14 tons with a grading of more than 1%. If extraction proves feasible, it would be the first commercially exploitable nickel deposit in East Africa. The chrome ore also is reported to have commercial potential. A ruby mine was discovered in Tsuvo National Park in 1974. Kenya's mineral output during the years 1971 through 1975 is indicated in Table 9.

## Distribution and Sales Channels

Kenya has a relatively low cost distribution system and price competition in wholesale and retail trade is intense. The local import trade is dominated by several large trading companies affiliated with English and continental European suppliers. Their influence as wholesalers, retailers, and investors is felt at all levels of commerce.

### *Distribution Centers*

The most recent census figures (1969) recorded Kenya's population as 10.94 million with an annual growth rate in excess of 3%. The 1976 estimate was 13.7 million.

Just over 200,000 were non-African in 1969; 139,000 were Europeans, 28,000, Arab; and 41,000 Asian. The main points of population con-

***Table 9.—Kenya: Mineral Output***

| | Unit | 1971 | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|---|---|
| Barytes | Ton | 743 | 628 | 903 | — | 376 [1] |
| Carbon Dioxide | " | 1,051 | — | 1,666 | — | — |
| Copper | " | 73 | 72 | — | — | — |
| Diatomite | Ton | 1,400 | 1,812 | 1,241 | 1,657 | 1,799 |
| Felspar | " | 2,650 | 1,962 | 1,461 | — | 1,616 |
| Fluorspar Ore (Eluorite) | " | 6,561 | 10,457 | 26,733 | 37,018 [2] | 49,163 [2] |
| Garnet | kg | — | 24 | 17 | — | — |
| Gold | Gm | — | 34 | 4,238 | 6,662 | 3,062 |
| Guano | Ton | 350 | 747 | 682 | 352 | 297 |
| Limestone Products | " | 28,127 | 22,854 | 32,386 | — | 197,414 |
| Magnesite | " | 221 | 628 | 1,517 | — | — |
| Magnetite | " | — | 9,240 | 12,345 | 19,780 | 16,800 |
| Salt (Crude) | " | 54,359 | 37,362 | 35,002 | — | — |
| Salt (Refined) | " | 43,406 | 22,783 | 27,688 | 19,826 | 5,553 |
| Sand | " | — | 12,900 | 12,511 | — | — |
| Sapphire | Gm | — | — | 450 | — | — |
| Soda Ash | Ton | 161,260 | 164,160 | 205,550 | 155,997 | 91,733 |
| Soda Crushed Raw | " | 1,932 | 3,710 | 4,211 | 1,546 | 2,310 |

[1] Provisional
[2] Exports
Source Kenya, *Economic Survey, 1976*

centration are Nairobi (509,286), Mombasa (247,073), Nakuru (47,151), Kisumu (32,431), Thika (18,387), and Eldoret (18,196).

Nairobi, the commercial hub of East Africa, is centrally located in both Kenya and East Africa as a whole. It is located at the edge of the prosperous agricultural settlements of the Kenya Highlands, and is the focal point of regional transport and communications. The city is also an industrial center, producing vegetable oils, pyrethrum extract, processed coffee, beer, carbonated beverages, cigarettes, knitwear, shoes, furniture, tires, containers, metal structures, glassware, batteries, plastic products, soaps and detergents, paints, bricks and a wide variety of consumer and light industrial products for local, regional and export as well.

The preeminence of Nairobi as a center for wholesale distribution is evident in each of the several levels of its commercial hinterland. At the lowest level, Nairobi serves as a domestic trading center, supplying local markets. Although much of the region to the south and west is sparsely populated, purchasing power is high in the prosperous farming districts to the north and east—an area of affluent European population and dense African settlement which has become increasingly significant as cash incomes have risen. A wide range of goods is involved in this provincial trade, and merchants in towns such as Nyeri and Meru may be entirely dependent on suppliers in Nairobi.

Nairobi also serves as a regional wholesale distribution center, serving northern Tanzania as well. Although the practice is becoming a matter of increasing concern for local governments, many firms operating throughout the region have their headquarters in Nairobi. Finally, despite its inland location, Nairobi is the center for the major portion of the region's export trade. The city also serves as a retail center for a large part of the surrounding area. The relative affluence of Nairobi's civil servants, business and industrial workers has fostered the development of a relatively sophisticated retail sector in the city and, in a more recent development, the establishment of groups of up to twenty shops in Nairobi's upper-income suburbs, in the shopping center pattern familiar to American retailing.

Nairobi derives a certain commercial advantage from its role as an administrative center, and most of those marketing services normally available in a major distribution center are available there. U.S. exporters should not hesitate to avail themselves of these services in developing sales promotion programs geared to the regional market.



Mombasa is the leading port and a major distribution center of Kenya. Some of the larger import/export firms and many smaller ones are based there. Several others have offices and warehouses in the industrial area of the city. Mombasa is equipped to play a regional distributive role. The city is also actively involved in the export trade, and in addition to the numerous private export houses, the Uganda Coffee and Lint Marketing Boards maintain large warehouses there.

Although Mombasa is the chief center for the trade of Kenya's Coast Province, its function in retail and local wholesale trade is small in relation to its size. Its effective area of distribution is considerably reduced by its coastal location. Large sections of its immediate hinterland consist of arid, sparsely populated areas where modern market activity is virtually nonexistent.

Nakuru and Eldoret developed principally as trading centers for the affluent European settlers of Kenya's former White Highlands area. They are distinguished by large-scale commercial units, including the Kenya Farmers Association which distributes agricultural machinery, fertilizers and supplies.

Kisumu, serving a large area of dense African settlement, is becoming increasingly important as the commercial center of western Kenya. Provincial administrative centers also play a significant role in distribution; the importance of which is generally related to the size, population, and prosperity of the area they serve. Most merchants in these areas are retailers, although several may also sell goods to smaller traders in the more remote areas and buy some local agricultural produce as well.

Below the level of provincial centers, the size and frequency of trading centers will vary with the density of population and the local level of income. Throughout the rural areas, African traders are entering the retail trades in increasing numbers. Groups of African shops are found every few miles along the road, particularly in the area of Kikuyu settlement north of Nairobi.

### *Distribution Channels*

Although Kenya offers the U.S. exporter a wide variety of methods for distributing and selling his product, the specific means chosen must be tailored to fit the individual requirements of the product and its potential market alike. The principal methods used are: Employing the services of an agent or distributor; selling through established wholesalers or dealers; selling directly to cooperatives and other indigenous organizations; or establishing a branch or subsidiary.

Many U.S. firms now operate their own offices in Kenya. This method has several advantages for firms with an established market for their product. Most are principally promotional offices with actual sales handled through local representatives.

Agents are often used for the distribution of a wide range of both durable and nondurable consumer goods and for some industrial raw materials. This form of distribution may be particularly appropriate for highly competitive products which lack a large local market. Agents are located in most of the larger cities and those in Nairobi of Mombasa may be able to effectively cover the regional market.

The choice of an agent is particularly important. It can be a deciding factor in the eventual success or failure of the marketing effort. In making this decision, the U.S. exporter is well advised to weigh the relative merits of the larger, well-established import houses against those of smaller, newer firms. Many firms in the first category tend to be overburdened with agencies and frequently find it difficult to allocate sufficient time and personnel resources to the promotional effort required for fewer product lines. Alternatively, smaller agents are ordinarily prepared to devote considerable time and attention to individual product lines but may lack the capital, personal contacts, and physical facilities necessary for a successful sales effort. As agents often represent several different product lines, the U.S. exporter should avoid appointing an agent who currently is handling a directly competitive brand.

The exporter also is advised to give serious consideration to government programs designed to favor African as opposed to noncitizen traders. Recent legislation restricting noncitizen merchants to trade in specified commodities and commercial centers may severely limit the ability of noncitizen agents to provide adequate representation in this market.

Capital goods and equipment are often best handled by a stocklist-distributor who buys on his own account and carries a wide range of spares. Distributors also handle other commodities, such as chemicals, pharmaceuticals, and brand name products.

In appointing an exclusive representative in Kenya, the U.S. exporter is legally entitled to certain exemptions from U.S. antitrust laws. The Webb-Pomerene Act allows a limited exemption from antitrust laws for direct exports by allowing exporters to agree on prices, sales terms, territorial divisions, and other activities in export trade which would be prohibited in U.S. domestic commerce. More information on the Webb-Pomerene Act is available from the Foreign Business Practices Division, Office of International Finance and Investment, U.S. Department of Commerce, Washington, D.C. 20230.

U.S. exporters seeking an agent or distributor in Kenya should plan to visit the country since first-hand knowledge of the market is highly desirable before any long-term commitment is made and since such a visit provides an opportunity for a personal appraisal of the relative merits of prospective agents or distributors. For those products requiring servicing, the exporter should ensure that qualified personnel and the necessary parts and components are readily available for the after-sales service. European competitors particularly capitalize on their geographic proximity to the Kenyan market by making spare parts and even service personnel available to local customers on short notice. More than one U.S. firm has lost a valuable order through failure to provide prompt and efficient service for its product.

Consumer goods requiring maintenance of stocks and industrial raw materials are often exported to Kenya through established wholesalers. Further information concerning wholesale and retail distribution in Kenya is presented in the "Commercial Practices" section below.

Many American exporters of agricultural supplies, equipment and accessory materials have found it most profitable to reach potential customers in the agricultural sector through the local cooperative organizations. Through its own organizational and marketing structure, the cooperative already possesses the distribution channels to reach local farmers who might have little other contact with the market place. In addition, the cooperative can often provide two other commodities in short supply in rural Kenya, credit and service.

## Commercial Practices

### *Wholesale and Retail Channels*

Distribution is affected almost entirely through independent wholesalers and retailers although a substantial amount of buying is still done through commission indent agents and manufactures representatives. Manufacturers of cigarettes, beer, tea, and shoes and distributors of petroleum products have developed their own sales net-

works. All manufacturers, however, rely heavily on independent wholesalers and retailers for the later stages of the distribution of their products.

Trading companies affiliated with English and other European firms are among the largest and most influential importers, wholesalers and in some cases retailers in Kenya. They usually are supplied by purchasing agents or confirming houses in the United Kingdom and continental Europe or directly by foreign suppliers.

These latter trading companies may engage in a variety of commercial activities. They may be importers on their own account, supplying capital goods for investment projects in which they hold an interest or for other enterprises that wish to order through them. They may act as wholesalers for a wide variety of consumer goods and capital equipment probably carrying as many as 30 or 40 sole agencies. They may specialize in a single product line, managing their own sales and service outlets.

**Retailers.**—There is an almost total lack of specialization among retail outlets in Kenya. Practically all shops are general stores stocking a wide range of goods and only in the larger towns are there any specialty shops. There are no extensive chain stores.

According to the 1966 Survey of Distribution, there were 4,738 retail establishments in Kenya with sales in excess of $187 million.

The distribution of retail establishments closely parallels the pattern observed in the wholesale trade. Approximately one-third of the establishments are located in the Nairobi area. The majority operate on a small scale; more than half are individual proprietors and the greater portion of the remainder are partnerships; only three are organized as public enterprises or public registered companies. Of the firms surveyed, some 80% reported fewer than five employees and recorded an annual turnover of less than $70,000.

**Wholesalers.**—Almost all goods pass through wholesale channels and wholesalers play an important role in the distribution system. Local produce trading and wholesale distribution may be very closely linked, particularly in the more rural districts. Although the major cash crops are now marketed through cooperatives and the various marketing boards, most of the minor cash crops are still handled by traders who are also wholesale distributors. According to the 1966 Survey of Distribution, there were 1,939 wholesalers with reported sales of $842 million in Kenya.

Nearly one-half of all wholesale establishments are located in the Nairobi area. Other concentrations occur in the Coast, Rift Valley and Central Provinces. The smallest number are located in the sparsely populated North-Eastern Province. The greatest portion of Kenya's wholesalers are private registered companies or partnerships. Only 43 are large enough to be organized public registered companies. Over half of the wholesalers surveyed reported having four employees or less and nearly three-fourths recorded an annual turnover of less than $280,000.

### *Pricing*

Kenya has a relatively low-cost distribution system. Wages are low and overhead is kept to a minimum. Advertising is used infrequently, premises are inexpensive, and few customer services are provided. Cost conscious wholesalers typically hold inadequate stocks and very few do any active market development. The single exception appears to be the import trade. As there is an element of monopoly in the agencies held by these firms, they tend to emphasize services, stock, maintenance, and advertising rather than costs.

Price competition in both wholesale and retail distribution is intense. This concentration on price often means that better quality lines are not stocked. Increasing competition in recent years has tended to diffuse distribution activities so that there is no clear cut distinction between importers, wholesalers, and retailers. All except the largest wholesalers do some retailing and the retail sales of subwholesalers may account for more than half their annual turnover.

U.S. products are generally believed to be higher priced than similar commodities available from competing suppliers, and local traders rarely make any systematic price comparisons before ordering from traditional sources in Europe and Japan. Even in those lines where the U.S. is a higher priced supplier, the willingness of the Kenyan consumer to pay a premium for quality is often frustrated by an arbitrary decision based solely on price. U.S. exporters therefore are advised to emphasize the price and/or quality advantages of their product when seeking local distributors.

Resale price maintenance is almost unknown in Kenya and there are virtually no conventionally established prices for most commodities. With the exception of foodstuffs, prices at all level of trade are determined by bargaining and it is therefore difficult to establish a meaningful "normal" markup for any given sector.



The maintenance of a relatively stable price/wage structure has become a major objective of government economic policy. Specified commodities especially susceptible to manipulation and extreme price fluctuations are now being distributed by government trading organizations at fixed prices. Commodities in this latter category include rice, salt, khaki drill, printed khangas, cotton fabrics, charcoal irons, bicycles, flashlights, secondhand clothing, and cinematographic film.

### *Consumer Financing*

Consumer credit is not widely used in Kenya. Local banks may provide credit to firms selling personal and household articles and some banks offer hire-purchase facilities to selected clients.

### *Africanization*

Africanization of the commercial sector is a major objective of government policy. The Kenya National Trading Corporation (KNTC) has been designated the principal agent of Africanization in the distributive trades. The KNTC provides credit facilities and general business training to African traders. It recently assumed exclusive rights to import selected consumer items for distribution through citizen traders. Also designed to favor citizens in the wholesale and retail trades is the Trader Licensing Act, which excludes non-citizen businessmen from trading in specified commodities and commercial districts outside the largest towns.

### *Quotations and Terms of Payment*

In quoting prices to Kenyan importers, costs should be computed on a c.i.f. basis. In general, clarity of price quotation is vital to successful selling and an effort should be made to quote in terms with which the Kenyan importer is familiar.

Local sources of commercial credit are generally inadequate to finance the growing volume of import transactions. In most instances, liberal credit terms offered by a foreign supplier can outweigh a considerable differential in price. The ability of the U.S. exporter to extend liberal credit terms is therefore an extremely important factor in determining the overall success of the Kenyan marketing effort. Foreign competitors ordinarily grant credits for a period of up to 180 days for consumer goods, and 24 months for small machinery and equipment.

Long-term credits for the purchase of more expensive capital equipment have been extended for firms in Italy and Germany for as long as 7 years, with a 5% payment at time of order and a 10% payment on delivery up to a year later. Some Japanese suppliers may extend similar credits for 10 years. The German, Italian, and Dutch Governments discount paper for their exporters at similarly liberal terms and at low interest rates.

U.S. firms may also lose potential sales by requiring cash payment in advance for Kenyan orders. Local foreign exchange regulations do not permit such cash payments abroad and require importers to prove that goods ordered actually have entered the country. This proof must include an invoice and a customs certification that duty has been paid or that the item has been entered duty free. Moreover, local commercial banks will open letters of credit only on the basis of specific pro-forma invoices.

To assist U.S. exporters in formulating sound credit policies applicable to local markets, credit information on individual Kenyan firms is available through the World Traders Data Reports service. The Reports WTDR's compiled by the U.S. Foreign Service are available from the U.S. Department of Commerce for $15. Such information is also available from private agencies.

### *Government Procurement*

The importance of governmental action in the import sector has increased. Government procurement for ordinary supplies as well as materials and equipment requirements of public development programs is a significant factor in the total trade of the region. Government action is also evident in programs designed to ensure citizen control of local commerce and the maintenance of a stable price structure in basic commodity markets.

Imports required by Kenya and the East African Railways and Harbors corporations are purchased through the Crown Agents. The Crown Agents, a British quasi-governmental organization, serves as an overseas purchasing agent for 15 African governments. The Crown Agents representative for U.S. suppliers is Mr. Douglas Stacey, 3100 Massachusetts Avenue, N.W., Washington, D.C. 20008 (202-462-1340, extension 2128).

The Ministry of Works obtains goods and services locally through the Central Tender Board. In Kenya the orders are placed by the Chief Supplies Officer. The Central Tender Board must approve the selection of contractors utilized by the Chief Supplies Officer for Kenya. The address

of the Central Tender Board is P.O. Box 30346, Nairobi, Kenya.

## Advertising and Research

### *Marketing Aids*

Several advertising agencies with headquarters in Nairobi offer a full range of sales promotion services throughout East Africa. Two of these—Grant Advertising Ltd., and Skyline Advertising Ltd.—are U.S. firms.

Most local distributors of imported merchandise expect their suppliers to provide substantial advertising and promotional support, particularly when introducing a new product or brand name. Good salesmanship is the most important element in selling the product. Clear and simple operating instructions, displays of the product in use, sample handouts, and frequent personal visits are all vital tools for the successful salesman in Kenya.

### *Advertising Media*

A variety of newspapers and magazines, in both English and Swahili, are read by East African consumers. Among the English-language newspapers, Nairobi's *Daily and Sunday Nation* and *The Standard* report the largest circulation. Vernacular favorites include *Taifa Kenya* and *Taifaleo* (Nairobi). Black and white newspaper display advertising costs vary from 25 KShs to 29KShs. per column inch. Sunday ad rates are more expensive and may vary from 27KShs. to 47 KShs. per column inch, depending on placement. Color ads are also accepted. In addition, specialized trade and industry journals are also published by various local industry groups, commodity marketing boards and government institutions, offering an opportunity to address a population whose interest in a specific area is known.

The Voice of Kenya, offers advertising facilities on both its radio and television services. Radio spot announcement rates vary from 150 KShs. for 15 seconds to 200 KShs. for 30 seconds. Sponsored program costs range from 325 KShs. for one-quarter hour to 950 KShs. for a 1 hour show (6 minutes commercial content). Television spot announcement rates range from 216 KShs. for 15 seconds to 500 KShs. for 60 seconds. A 15 minute sponsored program costs 900 KShs.; a 1 hour show, with 6 minutes of commercial content, 2,100 KShs. Voice of Kenya advertising inquiries should be addressed to the Director of Broadcasting, P.O. Box 30456, Nairobi, Kenya.

Another popular form advertising for consumer articles is the film short; a number of these are run with each showing in local movie houses. To show a 30 second film costs 720 KShs. per week (16 showings) at major theaters. For advertising in more remote areas, East African Touring Circuits, managed by Factual Films, Ltd. of Nairobi, operates 17 mobile theaters, each of which gives 29 shows per month at 464 towns and villages in selected agricultural areas throughout Kenya. Audiences average 2,000 per show and exhibition charges per circuit per month range from 300 KShs. for a 10 second filmlet to 900 KShs. for a 60 second presentation. Longer films are prorated to the 60 second rate. Factual films will also accept advertising records and arrange for the distribution of leaflets in exhibition areas.

Posters and point of sale reminders are an important part of the advertising package in Kenya. Brochures and special advertising materials can be prepared by local printers at standard rates. Billboard advertising is used in some localities but is prohibited in urban areas. Neon signs are rigidly controlled by local authorities. Both billboard advertising and neon signs are permitted in railway stations and are used extensively by local advertisers. Interior and exterior bus advertising is also popular.

The role of packaging is an extremely important sales factor. Eye appeal has proven to be the most effective means of attracting consumer attention, and the supplier who takes into account consumer tastes in color and design and appeals to habits and attitudes—peculiar to the locality—enhances his product's saleability. Popular among low income African consumers is a reusable container—a bottle, jar or box which may be used for later storage—and may be a determining factor in a competitive situation.

Participation in Kenya's trade fairs can also offer the U.S. exporter an opportunity to develop local interest in his product. Among the best known is Kenya's Nairobi Show, usually held during the last week of September, which offers broad agricultural-through-industrial coverage.

### *Market Research and Trade Organizations*

The major Kenyan advertising agencies will undertake special market research activities for their clients.

A complete selection of economic research and consultant services is available from the Economist Intelligence Unit (EIU), Spencer House, 27 St. James's Place, London, SW1. The Intelligence Unit, which regularly publishes regional economic reviews and supplementary studies in developing countries, will also prepare materials for clients on a commission basis according to their specific needs. The EIU maintains a research office in Nairobi at 56 Marlborough Rd., P.O. Box 14210.

Kenyan banks will also provide assistance on market research. These services are frequently available in the United States through correspondent arrangements.

Local support for market research projects may also be obtained through the East African Association of Chambers of Commerce and Industry (Hughes Building, Kenyatta Avenue, P.O. Box 4364, Nairobi). Local chambers of commerce may also assist U.S. exporters by answering inquiries and providing market information, by publicizing trade opportunities in their circular publications and by arranging direct personal contact with their members. The Kenya National Chamber of Commerce and Industry, P.O. Box 47024, Nairobi, has branches in all major towns and is increasingly effective in its representation of African businessmen.

The Kenya Association of Manufacturers, P.O. Box 30225, Nairobi, Kenya, is a representative organization of industrialists who seek to advance the interest of the private sector and to make their experience available to potential investors and traders. The Association also publishes a list of members and their products which is a useful guide to local industry.

Among the other informative publications dealing with East African commerce in its various aspects, the following are particularly noteworthy. The East African Trade and Industry is a monthly journal on developments in the engineering, construction, electrical, textile, furniture, hardware, automobile, and shipping trades in East Africa. It is privately published. In addition, the Kenya Export News is published for the Kenya Export Promotion Council and deals primarily with external trade.

For further information on the Kenyan market, the East African Business/Safari Digest is published bimonthly by the Kenya National Chamber of Commerce and Industry and reports on current market conditions and opportunities.

## Power

### *General*

Electric current in Kenya is 240 volt, 50 cycle, single; 415 volt, 50 cycle, three phase; and higher voltages in certain areas. With 75 kWh per capita, electricity consumption in Kenya is still at a low level. Nearly 100,000 household connections give 600,000 to 700,000 people access to electricity, which is 5–6% of the total and about half of the urban population. 350,000 to 400,000 of the population supplied with electricity are Kenyans with low incomes, living mostly in high density housing built by the Government or city councils. This group is growing at an annual rate of about 35,000.

Domestic electricity consumption increased about 6% per annum during the 1970–75 period, but its part in total sales fell from 19% in 1968 to 15% in 1974. Low income domestic consumers had a higher rate of growth of 10% per year, but due to the low consumption per connection (20 kWh per month), such small domestic consumers account for only 1% of total electricity sales. Depending on the rate of government and city council construction of low cost housing, annual growth of small domestic electricity consumption is expected to average 10% until 1980. The growth rate of the larger domestic consumer will continue at a lower annual rate of between 3% and 4% improving to 6% by 1980.

Electricity consumption in the commercial sector increased at 13% per year between 1968 and 1974, largely because of the high rate of development of Nairobi (the administrative and commercial center of Kenya) and by 1974 accounted for 26% of total sales. In future, the growth rate in this sector is expected to be about 8% per annum.

Industry is the largest consumer of electricity in Kenya with an average annual rate of increase of 12% between 1968 and 1974. Industry presently accounts for 43% of total sales but with substantial new loads coming up and the demand forecast to increase at a rate of about 13% per annum, more than half of all electricity supplied in Kenya will be consumed by the industrial sector by 1980.

The electricity supply industry in Kenya consists of three companies; The East African Power and Lighting Company Ltd. (EAP&L), The Kenya Power Company (KPC) and the Tana River Development Company Ltd. (TRDC). EAP&L is the sole distributor and it coordinates all sources of power and staffs and manages the other two companies.

EAP&L's sales increased at an average of 8% per year during the period 1964 to 1974 with a tendency towards higher growth rates in recent years; sales increased by about 10% per year during the period 1968–1972, falling to just over 8% during 1973 and 1974, compared to 5.5% per year during the period 1964–1968. As the Kenyan

economy is expected to have a lower growth rate during 1977 and 1978, this could cause a sharp drop in the growth rate of non-industrial power demand. However, several new power consuming industries will go into operation during this period, which are largely independent of a temporary reduction of economic growth in Kenya and the average annual growth rate of industrial power demand during 1975–1977 is expected to be about 16.5%. Total power consumption will increase by about 10% per year during this period. With an improvement in the growth rate of Kenya's economy and with expansion of industry back to a normal level, electricity demand in Kenya is expected to return to a growth rate of 9% per year.

### *Facilities*

Electricity is distributed by EPA&L in four areas of Kenya, namely the Nairobi district and the Rift, Coast, and Western areas. Generating plant operated by the three companies consists of the following:

| | *Interconnected System* | *Isolated Stations* |
|---|---|---|
| Hydro | 130 MW | — |
| Steam | 65 MW | — |
| Diesel | 29 MW | 3.9 MW |
| Gas Turbine | 30 MW | — |
| Total | 254 MW | 3.9 MW |

In addition to the above plant availability, EAP&L takes a 30 MW bulk supply from the Uganda Electricity Board (UEB) under a long-term agreement, extending to year 2005, giving a total installed capacity of 284 MW on the interconnected system. The effective capacity is 268 MW due to the need to derate some of the older diesel and gas turbine plant.

The two largest hydroelectric power stations, Kindaruma (44 MW) and Kamburu (60 MW) located on the Tana River some 70 miles from Nairobi are owned by TRDC and the 65 MW Kipevu steam station located at Mombasa is owned by EAP&L. These three power stations are interconnected with the Nairobi area by means of 132 kV single circuit transmission lines. One of the transmission lines between Kamburu and Nairobi is constructed for 275 kV but there are no plans for operating the line at this voltage before 1980.

Other installations include seven small hydroelectric developments, the largest of which are Tana (15.2 MW) and Wainjii (7.4 MW), both run of river schemes on the Tana River, owned by KPC. The remaining five hydroelectric installations together with eight diesel-electric power stations including Nairobi South, and the gas turbine generating plant are owned by EAP&L.

All of this plant including the larger power stations are interconnected by means of 132 kV and 33 kV transmission and subtransmission lines. This system is linked to Uganda by a 132 kV double-circuit transmission line for the transfer of the 30 MW bulk power. UEB has also supplied "spill units" under a supplementary agreement with EAP&L, in accordance with availability of plant. EAP&L is not very hopeful that a further 5 MW will be available. EAP&L also operates four isolated diesel electric power stations aggregating 3.9 MW.

### *Development Projects*

Kenya is moving to reduce its dependence on power from external sources by developing local sources. These efforts are being made within the context of a 20-year (1966–86) National Power Development Plan. The plan, which calls for an increase in power production to 853 MW by 1986, envisages construction of 760 MW of new capacity during that period. The greater part of the new capacity will come from a 640 MW hydroelectric scheme on the Tana River, to include six generating stations serving the major demand areas of Nairobi. The first stage of this power project, the Kindaruma, was completed in 1968. The Tana River Development Company's Kamburu scheme (the second phase of the Seven Forks Hydroelectric complex) was completed in 1976. In 1975, a $63 million World Bank loan was extended to Kenya for the construction of the 84 MW Gitaru Hydroelectric Scheme on the upper reaches of the Tana River. The entire project is scheduled for completion in 1978 at a total cost of $137 million.

EAP&L normally apportions 1% of its net operating income to the development of supplies in the rural areas. Schemes likely to become financially remunerative in time have been selected from a list of townships nominated by the Government. In addition, the government requires that the surplus created by the difference between the soft terms of the SIDA[1] Credit for the Kamburu project and the hard on-lending terms to TRDC should be used to finance an expanded rural electrification program.

Exploration for the cheaper geothermal power in the 45 sq. km. site at Olkaria near Lake Naivasha made substantial progress. By the end of 1975, six test wells had been drilled. One of the wells yielded a steam output with a capacity to generate between 1.5 and 2 megawatts of power, while another well which had been drilled to a depth of 975 meters can now yield a steady steam output with a capacity to generate between 3.5 and 4 megawatts of power. The tests on the 6 wells yielded sufficiently satisfactory results for a decision to be made to undertake a feasibility study for the construction of a power generation plant.

[1] Swedish International Development Authority



## Water

Adequate supplies of water for both personal and industrial purposes are available. Anticipating a steadily growing demand, however, the Development Plan projects major investments in water supply installations and calls for spending $176 million for this purpose from 1974 to 1978. Most of the increase will result from accelerating the rural water supply program, including range water development. The other major element in the program is a large project at Chania-Kimakia-Thika to augment the water supply for Nairobi. Standard rates for water in the country average KSh 5 per 1,000 gallons, but large consumers are eligible for reduced rates.

A number of improvements and additions to the existing water supply systems have been completed recently, are underway, or are planned for the near future. The largest and most important project is the renewal of about 16 kms of the Mzima transmission pipeline. While this project should remove the most serious pipeline weaknesses, others will remain and interruptions in service will continue to occur, although less frequently. Improvements to increase the capacity of the Marere Springs pipeline to about 15,900 cubic meters per day were recently completed with the addition of a booster pumping station on the main line and a development of alternative sources—three boreholes and a small intake and treatment plant on the Pemba River. Improvements to the Malindi treatment plant also were completed in 1975.

A considerable amount of work on rural water supply schemes has been done in the Coast Province since 1971 under the SIDA-financed Rural Water Supply I and II programs. These involve works in five districts (Lamu, Tana River, Kalifi, Kwale, and Tailta/Taveta intended to serve populations totalling 49,000. Under the Rural Water Supply III program, $1.8 million is allocated to a rural population area of about 60,000. Planning is at a very early stage for schemes to supply four additional areas with a total population of about 80,000.

## Tourism

Tourism earned a new high level of foreign exchange for Kenya—estimated at around $50 million in 1976. Owing to international conferences, Kenya is moving toward a "round-the-year" tourist season. The holding of the UNCTAD IV and UNESCO conferences in Nairobi provided a major boost to the industry in 1976. All these positive steps have been achieved in the face of extremely difficult circumstances. Rising transport costs, severe recession in tourist-generating countries and political events in neighboring countries could well have dealt a serious blow to tourism in Kenya had it not been for the devaluation of the shilling, the confidence of the investors who built more hotels and lodges in Kenya, the initiative in improving air communications, and aggressive promotion overseas.

The future of Kenya's tourism lies in the coastal areas. The opening of the Mombasa jet airport, the proposed development of the Diani Beach complex, the existing hotel facilities on the Coast and their proximity to Tsavo and other game parks is expected to move the tourist center away from Nairobi in the coming years.

Another development is the increase in business travel to Kenya. The Kenyatta Conference Centre is a tourist asset bringing thousands of delegates to Nairobi. Thus Nairobi, which already draws the business travellers, is also accommodating conference visitors. Tourism moved significantly upward in 1976. In the first two months of the year, total visitor arrivals increased by 18.3% and departures by 16.8%. Holiday visitor arrivals and departures increased 18.2% and 12.9% respectively.

## Communications

### *Transportation*

For air, rail, and harbor services, Kenya maintains regional transportation links through semipublic corporations organized under the terms of the Treaty of East African Corporation and its successor the East African Community Treaty.

**Railroads.**—Railways and inland waterways in Kenya are administered by the East African Railways Corporation. The corporation is responsible for providing a coordinated rail, road, and inland waterway transport system throughout the region. It is required to conduct its affairs according to business principles, to earn a revenue sufficient to meet its costs and to provide an annual rate of return on its fixed assets as determined by the East African Authority. Headquarters of the corporation is in Nairobi.

There are approximately 4,400 miles of track in Kenya, and the principal line is from Mombasa to

Uganda. It runs from Mombasa to Nairobi, Nakuru, and Eldoret. In addition, there are many branch lines serving such places as Magadi (in order to move soda products to the coast for export), Nanyuki, Thomason Falls, Kitali, Kisumu with an extension to Butere, and a line from Voi to Moshi (Tanzania) that connects the Kenya-Uganda railway to the Tanzania lines.

The railways are narrow gauge, and the lines are all single track except at the main station—a situation that limits the volume and speed of the traffic that can be carried. Diesel electric locomotives have replaced most of the oil-fired articulated steam locomotives on the main lines.

The Mombasa-Nairobi-Kampala main line has 75–95 lb./yd. rail, the Dar es Salaam-Kigoma and Kampala-Kases lines have 50–60 lb./yd. rail, the Tabora-Mwanza line has a 60 lb./yd. rail, and the other lines have 40–45 lb./yd. rail.

The main business of the railways is the carriage of bulk commodities over relatively long distances. The average haul for revenue earning freight is generally about 450 miles. Most of the exports and imports and a large part of the internal traffic consists primarily of supplying food grains, building materials, and local manufactures to market sectors. Agricultural commodities including sugar, coffee, oil seeds, cotton, sisal, tea and forest products account for 40–50% of revenue earning freight with petroleum products, minerals, cement, and imported goods constituting the remainder. In 1976, East African Railways handled a total of 6.9 million metric tons of goods.

Another function of the East African Railways Corporation is the operation of inland waterways transport services. Although these services comprise only a small part of the corporation's overall opreations, they form an important link between the three countries, and provide useful feeder routes to the railway system. From the Kisumu port in Kenya, steamers serve the principal ports on Lake Victoria.

Railway freight rates are based on a differential tariff structure to assist agriculture, mining, and local industry. The rates vary according to the type of article being shipped. Details on freight rates and on availability and charges for rail sidings to industrial sites may be obtained from Chief Tariff Manager's Office, East African Railways Corporation, P.O. Box 30006, Nairobi.

Kenya has an airport of international standard at Nairobi (Embakasi Airport), and three additional airports serving scheduled flights at Mombasa (Port Reitz Airport), Kisumu, and Malinda. Nairobi has a second airport at Wilson field that handles air safaris and other tourist flights. Under the 1974–78 plan, the airports at Nairobi and Wilson field are being expanded and the Mombasa airport upgraded to international standard in order to handle direct tourist flights from overseas. There are 96 other airfields or landing strips within the country, 25 of which are to be improved and partially asphalt surfaced in the development plan period.

Following the demise of East African Airways in early 1977, the Kenyan Government established its own national flag carrier. Kenya Airways (KA) began operations in February, 1977 with scheduled flights between London and Nairobi. KA plans to expand its fleet and extend its international and domestic routes.

There are approximately 15 other air charter companies operating to Kenya. Of these approximately half are owned by commercial operators and the remainder by private operators including government departments and flying clubs. Wilson Airport, near Nairobi, is the main base of charter operations.

Pan American Airways is the only U.S. flag carrier with direct service to Kenya; 16 other international airlines serve Kenya from Europe, Asia and Africa. Air cargo service in Kenya is at an early stage of development. Nairobi airport, the main terminal for international traffic, handled 27,100 metric tons of air freight and 1,103,300 passengers in 1973.

**Roads.**—In Kenya, the classified road network totals 40,100 kilometers (Km.), 5,300 km. are international and national truck roads; 16,000 km. are primary and secondary roads; and 18,200 km. are minor roads. In addition, there are between 60,000 km. and 80,000 km. of unclassified roads.

The Kenyan Government is giving high priority to the development of Kenya's rural roads. The road development program for 1974–1978 envisages expenditures of $245 million.

The World Bank-financed Rural Access Roads Program (RARP), which began in 1975, provides for construction of 15,000 km. of rural roads in 22 districts over an 8-year period. The districts selected are in the most agriculturally productive and populous (with nearly 80% of the total population areas of Kenya.

The Kenyan Government has been particularly active in its "Kenyanization" efforts in road



transport. A growing number of licenses issued for the commercial hire of vehicles is being allocated by African transporters. Non-Kenyan citizens who own larger transport firms are being urged to reorganize their companies into public companies, the shares of which would be made available to Kenyans.

Public sector activity in road transport operates through the KENATCO company, which is owned by a statutory corporation. The company's main activities are freight transport and transport tourists. Haulage activities, although centered in East Africa, have been extended to include Zambia.

In 1975 about 50% of the 175,000 registered vehicles in Kenya were passenger cars and 24% were light trucks and buses.

**Ports.**—The port system is operated by the East African Harbors Corporation (EAHC). All stevedoring and shore handling services are provided by East African Cargo Handling Co., wholly owned by the EAHC which has its headquarters in Dar es Salaam, Tanzania.

Mombasa (Kilindini and Kipeva), one of the finest natural harbors in the world, has 15 deep-water quays, numerous transit sheds and back-of-port sheds for dry cargo, the Kipevu Oil Terminal capable of accepting tankers up to 65,000 tons, and a lighterage wharf. The rapid growth in traffic at Mombasa has often caused congestion, creating bottlenecks in Kenya's seaborne commerce. Total freight handled at Mombasa in 1975 reached 6 million metric tons.

In order to meet the anticipated growth in Kenya's requirements for port facilities, the Harbors Corporation is currently executing a US$58.3 million improvement program, for which the World Bank is providing a US$35 million loan. The program calls for the following improvements: The construction and equipping of two general cargo berths at Mombasa that will be capable of handling container traffic as it develops; a wharf for the handling of bulk grain silos and appropriate chemical handling equipment; and the previously mentioned off-shore tanker moorings and submarine pipeline. Further information concerning the operations of Kenyan ports and harbors may be obtained from the Chief Ports Manager, P.O. Box 5168, Mombasa, Kenya.

### *Telecommunications*

**Radio and Television.**—The Voice of Kenya (VOK), transmitting in English, Swahili, and Hindustani provides effective coverage of Kenya as well as adjacent sections of Tanzania and Uganda from three medium-wave stations. Parts of the country beyond the coverage provided by the medium wave system are served by a short wave relay station at Langata. In Kenya almost 1.4 million radios reach about 85% of the total adult population.

Kenya television—also provided by the Voice of Kenya—serves the Nairobi and Mombasa areas, including the main cities in the Rift Valley and Kisumu. Approximately 40 hours of English, Swahili, and Hindustani are broadcast weekly. The number of radio and television sets sold in recent years is shown below:

| | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| Radios | 84,650 | 85,243 | 77,869 | 87.997 |
| Television Sets | 2,658 | 2,575 | 2,647 | 2,847 |

**Telephone and Telex Facilities.**—Kenya had 46,903 direct exchange lines and more than 50,000 telephones in use in 1975. Even after completion in 1975 of the second and third telecommunications projects financed by World Bank loans to the EAPTC, there was a waiting list of some 18,000 potential subscribers in East Africa. Service in existing urban automatic telephone exchanges had been improved greatly since the installation of the microwave system in 1971.

It is planned to expand 197 exchanges where manual telephone exchanges are inadequate to handle the volume of calls. This will result in a net multiple increase of more than 82,000 lines by 1978. The demand for telex facilities, also growing rapidly, has been expanding at the same rate as that for telephone service.

**Press.**—Newspapers have continued to be an essential complement to radio and television in the dissemination of information and ideas. Circulation of the Swahili issues increased at a faster rate than the English issues, both for the dailies and the weekly newspapers. The average daily/weekly newspaper circulation in 1974 and 1975 was as follows:

| | 1974 | 1975 |
|---|---|---|
| Morning Newspapers | | |
| English | 95,979 | 97,883 |
| Swahili | 25,252 | 31,625 |
| Other Newspapers | | |
| English Weeklies | 62,798 | 63,947 |
| Swahili Weeklies | 100,527 | 114,831 |

*Other Telecommunications.*—The East African Posts and Telecommunications Corporation (E.A.P.&T.) is another of the jointly-owned organizations of the East African Community and is headquartered in Nairobi. It provides postal, telephone, telex, money orders, and savings bank services within Kenya, Tanzania and Uganda. It

also owns the East African External Telecommunications Co., Ltd., which provides international telecommunications services for the three Eastern African countries. Telephone communications to the United States and Europe are available. The three East African countries are members of INTELSAT, the international communications network via satellite. Airmail service to and from the United States and East Africa requires 3 to 5 days. Surface mail is not recommended for business as it may take up to 5 months in transit.

## Trade Regulations

### *Duties*

Kenya, Tanzania and Uganda form the East African Community (EAC). The EAC maintains a common external tariff with no additional duties. However, the viability of the customs union is in question. In the absence of new and effective redistributive measures Tanzania and Uganda have ignored the customs union and erected barriers to intra-EAC trade.

Kenya uses the Brussels Tariff Nomenclature (BTN) system. Under the Customs Tariff (Amendment) 1975 that came into force in Kenya on January 1, 1976, tariff preferences to the European Economic Community (EEC) were abolished and the former three-column tariff was reduced to a single column. Ad valorem duties on most items imported range from 12.5% to 75%. Ad valorem duties are assessed on the c.i.f. value comprising the original cost of the goods plus freight, insurance, commissions, and all other charges incurred in the making of the sale and delivering the goods to the port of entry. If this information is not available duties are assessed at the port of entry on the price that the goods would command in the local market.

Specific duties also cover a wide range of rates. The amount of duty depends largely on whether or not the item is considered essential or a luxury or if it is readily available locally. Specific duties, where applicable, are based on the weight, length, area, volume, or number of the imported goods. Where duty is assessed according to weight, the net weight is used. However, if the package does not indicate the net weight of its contents or if no one can furnish the net weight, then the duty is assessed on the gross weight of the package and its contents.

### *Duty Exemptions*

Exemptions from import duties normally are allowed for emergency medical equipment, items for personal use, diplomatic and consular goods, and items for the use of the Kenyan Government, charitable organizations, educational, and other similar institutions. Duty refunds often are granted for imported materials to be used for local production. The Minister in charge may also grant refunds of duty where he believes it would be in the public interest to do so or where payment of duty would operate harshly or inequitably. Suspended duties are found on a number of items for which local production is nonexistent or insufficient, but for which expanded production is planned.

### *Customs Surcharges*

No customs surcharges are imposed in Kenya.

### *Excise Duties*

Excise duties are assessed *ad valorem* on beer, sugar, tobacco, and its manufactured products, matches, spirits, soap and soap products, woven fabrics, paints, varnishes, lacquers, enamels and distempers.

### *Sales Taxes*

Most imports irrespective of their origin are subject to a sales tax of 10% of the c.i.f. value plus the import duty. Only medicines and farm inputs are exempted.

### *Advance Payment*

Advance payments for imports are allowed only in exceptional circumstances. Exchange for import payments normally is not granted until after customs clearance. This does not apply to imports by the government or parastatal organizations. In all cases payment is made 30 days after shipment or railment from EAC partner states and 60 days from other countries.

### *Transfer Taxes*

In order to promote redistribution and to protect infant industries, the 1967 EAC treaty provides for a transfer tax system applicable to intra-regional transfers of manufactured goods in which the partner experiencing a deficit in community trade may tax the surplus state. The tax may be levied on goods valued at less than or equivalent to the deficit as reported by the East African Customs and Excise Department. It may not be imposed unless goods similar to those taxed are either being manufactured or about to be produced by the tax imposing EAC partner. The industry being protected must have a productive capacity equal to at least 15% of total domestic consumption of the protected item or valued at 2 million shillings. The tax may not be imposed for more than 8 years and may not exceed 50% of the applicable customs tariff. The tax will be revoked if the protected industry exports 30% of its production to the EAC. A country which achieves an 80% balance in its total intra-regional trade of manufactures must forego the transfer tax.

### *Licensing*

Beginning in 1971, and modified during each subsequent year, Kenya has imposed import procedures and restrictions to conserve reduced or threatened foreign exchange reserves. Controls which were established in 1974 on capital transfers and local borrowing by foreign-controlled companies continue to be enforced.

Goods are divided into four specified schedules with remaining goods assigned to open general license. In June 1974 Kenya substantially revised its import restrictions. There was an expansion of Schedule II (items subject to specific import licensing for which foreign exchange is allocated on a quota basis); an expansion of Schedule III (items prohibited from import); and an expansion of Schedule IV (items not subject to specific import licensing but for which foreign exchange is allocated on a quota basis). In June 1975 these schedules were revised again, with an increase in Schedules II and III and a slight decrease in Schedule IV. In June 1975 various categories of agricultural machinery were removed from Schedule IV and placed under Open General License. The current quotas under Schedules II and IV are the average of the volumes imported in 1973 and 1974. These quotas are applied to actual importers in the appropriate base period. Foreign exchange is allocated to new importers on a discretionary basis. The allocation to new importers and the quotas are decided by the Foreign Exchange Allocation Committee, which is composed of representatives of the Central Bank, the Treasury, and the Director of Trade. This committee may also grant exceptions to the quotas. Government imports are not subject to restriction.

The necessity for requesting exchange control allocation and for import licensing authorization is waived for goods imported by the Kenyan Government, the East African Community, and diplomatic missions, and U.N. organizations; for imports from Tanzania and Uganda; for Open General License goods valued at less that $280; for goods sent as gifts; and for goods imported as a means of capital formation and purchased under extended terms.

### *Pre-inspection*

All commodities imported into Kenya are subject to preshipment inspection for quality and quantity as well as for price comparison. The General Superintendence Company, Ltd., a private Swiss firm, conducts the inspection in the country of original shipment of the goods. Suppliers should give General Superintendence at least 7 days notice before indicating the place where the goods can be inspected and the expected time of shipment. Upon satisfactory completion of the inspection and receipt of all required documents, General Superintendence will issue a "Clean Report of Findings." Banks may not make payment against a letter of credit or a bank draft unless a Clean Report of Findings has been issued. The cost of the inspection services will be paid by the Government of Kenya.

The General Superintendence Company, Inc. has offices at 17 Battery place North, New York, 10004 1110 S. Highland Avenue, Baltimore, Md. 21224; 325 Chestnut Street, Philadelphia, Pa. 19106; 203 North Wabash Street, Chicago, Ill. 60601; 4100 Tchoupitoulas Street, New Orleans, La. 70115; 6001 Gulf Freeway, Houston, Texas 77017; and has agents in all other ports.

### *Shipping Documents*

No prescribed form of invoice or consular document is needed for shipments to Kenya and there are no consular fees. Documents required are the commercial invoice, the bill of lading, and certain sanitary and other certificates. Required documents for goods sent by air are the same as those for goods sent by ship or other forms of transportation.

Shipping documents should be forwarded as soon as possible by air mail separately from the goods to ensure their receipt by the consignee prior to the arrival of the goods at the port of entry of goods into East African ports or clearance will be delayed.

Any alterations made on any required document prior to its acceptance by the various customs authorities must be made in such a manner as to show the error and the alteration in legible form. Each alteration must be initialed and dated by the person making the correction.

The ordinary customs declaration, submitted in duplicate, can be used for import declarations. The following information should be shown on the

invoice: The country of origin; quantity of goods; the true market value in the country of origin; all costs of packing, insurance, and freight up to the port of entry; the exact nature of any discounts and/or commissions given by the seller to the buyer; and the import license number.

Shipping marks and numbers on bills of lading, on the goods themselves, and on the invoices, should correspond exactly to ensure prompt clearance by customs. In addition weight measure on which freight is charged may also be added, if possible.

Although not required by law, a packing list facilitates clearance through customs. If used, the list should contain the following information: Marks and numbers of packages; gross and net weight of each package; and a careful description of each package and its contents. These lists are especially recommended for consignments of miscellaneous goods.

There are no special requirements for the preparation of bills of lading. Only the particulars usually shown on such documents need be inserted. No invoice is normally required for bona fide private parcel post shipment. In the case of "Trade goods" (packages other than those addressed to a private individual for his own use) shipped by parcel post which exceed $28 (224 shillings) in c.i.f. value, must be accompanied by the proper customs invoice.

### *Sanitary and Other Special Certificates*

Importation of animals, plants and seeds, and used clothing is subject to quarantine regulations. Except for used clothing, importation is allowed only at designated ports of entry.

Every imported animal must be accompanied by a certificate, from a qualified veterinary surgeon, that it was free from disease at the time of exportation. Examination by a veterinarian at the port of entry is also required.

Kenya requires a special import permit for plants and seeds issued by the Kenyan Director of Agriculture. This permit is also required for fresh fruits, as well as a certificate signed by an appropriate government official in the exporting country. In addition, such imports are subject to examination by an agricultural officer at the designated port of entry. Plants not covered by this special permit will be destroyed. Seeds not covered by permit will not be destroyed unless they come from the following plants: coffee (except roasted beans), cotton, tobacco, tea, cacao, coconuts, groundnuts, lucerne and clover, rubber, maize, wheat, cloves, peach, barberry, buckthorn, and potatoes.

A certificate of disinfection must be presented to the customs authorities for the import of used clothing intended for sale.

### *Labeling and Marking Requirements*

There are no specific requirements as to the labeling or marking of imported goods, except for condensed milk, paints and varnishes, and vegetable and butter ghee. However, all goods bearing any wording in the English language should indicate the country of origin.

Under customs law, manufactured articles bearing the name, address or trademark of any manufacturer or dealer or bearing the name of any place in the United Kingdom or any member country of the Commonwealth calculated to impart to them a special character of British manufacture, though not of such manufacture, are prohibited imports. Also banned are any articles marked, without authority of Her Majesty, with the royal arms or monogram, or arms or monogram so closely resembling the same as to be calculated to deceive.

*Senate Concurrent Resolution 40, adopted July 30, 1953, invites U.S. exporters to inscribe, insofar as practicable, on the external shipping containers in indelible print of a suitable size: "United States of America." Although such marking is not compulsory under our laws, U.S. shippers are urged to cooperate in publicizing American-made goods.*

### *Metric System*

Kenya indicated its intention to switch its weights and measures to the metric system in 1968. Gradually varying sectors of the economy and specified municipal areas have been instructed to adopt the metric system exclusively.

In the remaining economic and geographic sectors the dual English and metric measures continue to be used. Items to be sold by specific weight or measure may be published by the government from time to time. Labelling indicating quantities in denominations other than those specified must be obliterated.

A special ordinance provides that imports of prepackaged paints and allied products must be sold by net metric weight or metric fluid measure. Paints packed in tubes or boxes, commonly sold as artists' or children's paints, are excepted from these regulations.



Imports of pharmaceutical products from the United States may be labelled according to U.S. pharmacopoeia standards.

All goods should be securely packed to withstand excessive tropical heat, moisture, rough handling, and pilferage. East African importers recommended that American shippers avoid use of thin cardboard and plywood containers because such containers are easily broken into and readily damaged if exposed to the weather. To ensure safe arrival at the port of destination all packages should be of sturdy construction, properly supported, preferably on the inside, and banded on the outside with steel strapping.

## Special Customs Provisions

### *Entry, Transit, and Reexport*

Kenya operates no free trade zones, free ports, or any other customs privileged facilities. Goods imported are admitted for home consumption, warehousing, transit, and transshipment. Entry must be made within the prescribed time after arrival of the ship in port.

Goods inadmissible at port of entry are removed to a government warehouse after 21 days from the date of commencement of unloading and are sold if still not admitted after 3 months and after advertisement in the appropriate official gazette.

Goods admitted in transit are allowed to pass through Kenya under security bond. They are under customs control until reexported. Goods for transshipment can be transshipped directly from the importing vessel or within 21 days if the appropriate customs officer permits. Goods admitted in transit or for transshipment under bond on which import duties were not paid can be reexported from a bonded warehouse without payment of import duties.

Where goods are reexported and duties were paid at the time of importation, a refund of the amount originally paid can be obtained. A claim for such a refund (or drawback) can be made provided the owner produces such goods for examination; describes the goods on the prescribed form; makes and subscribes to a declaration that such goods have actually been exported and will not be reimported into East Africa and that the owner was and is the person entitled to the drawback; and presents his claim for drawback within 12 months of exportation of the goods.

No drawback is allowed if the value of such goods for home consumption is less than the amount of the drawback that may be allowed; if the import duty thereon was less than 40 shillings ($5); if the exported goods have been destroyed by accident on board aircraft or vessel or if the goods have been materially damaged at any port or place in the country. Furthermore, no drawback is allowed unless the goods are exported in the original packages in which they were imported or unless contents were unpacked and repacked by authority and under supervision of a customs official.

The duty will be remitted on any goods lost or destroyed by accident on board vessel or aircraft, or in removing or unloading from any customs areas or warehouse before they are delivered out of customs control. Duty will also be refunded on any duty paid in error. No duty refund will be allowed for reexported goods unless the claim is submitted within 12 months of time of exportation.

### *Warehousing*

Goods may be stored in a bonded warehouse for a period of 2 years, after which, if not rewarehoused or cleared by the owner, they may be sold by the Customs Collector.

Goods admitted for domestic consumption that remain in any warehouse more than 14 days may be forfeited to the government or destroyed as the Commissioner of Customs and Excise may direct. This regulation is rarely implemented. Dutiable goods on first importation may be stored in a bonded warehouse without payment of duty.

Goods deposited in a government warehouse are subject to rent and other charges as may be prescribed. If these charges are not met, the goods may be sold and the proceeds applied to the charges. Goods that have been abandoned to the customs will be destroyed or disposed of at the owner's expense. Duty on such goods may be remitted or refunded on application to the customs officer.

### *Samples and Advertising Matter*

Kenya is a member of the International Convention to facilitate the Importation of Commercial Samples and Advertising. Samples, which the Commissioner of Customs and Excise decide are of no commercial value, may be admitted free of duty. The duty on samples not so exempted must be paid on entry and the deposit later refunded, provided the samples are reexported within 6 months of the date of importation. The period of 6 months may not be extended. Imports of samples and advertising matter into Kenya are

subject to normal licensing and documentary requirements.

Price list and catalogs are permitted duty-free entry. Showcards and similar printed matter advertising goods grown or produced, or services to be supplied from outside Kenya and imported for advertising purposes only (but not including calendars, diaries, date indicators, desk pads and other advertising stationery) are also admitted free of duty.

### *Advance Rulings on Classification*

Requests for advance rulings on customs classification of merchandise not specifically mentioned in the customs tariff or on a doubtful classification may be submitted in writing (together with a sample, if practicable, or advertising notes) to the Commissioner of Customs and Excise at any Customs House in Mombasa, or Nairobi. Such advance rulings are not, however, binding on the authorities.

### *Appeals and Claims*

The Commissioner of Customs, with the consent of the importer, may settle a dispute between the importer and a customs officer. Otherwise, the dispute will be settled in court. There is no appeal against decisions of the Commissioner of Customs where the accused offender has consented to accept the Commissioner's decision. In cases heard by the courts, penalties and forfeitures inflicted by the courts may be appealed in accordance with the rules of the court.

When any vehicle or goods have been seized by the customs as forfeited, the Commissioner may—by written notification—require the claimant to institute suit against him for recovery, or may himself cause suit to be instituted in any competent court for the forfeiture of the vehicle or goods. In the former instance, if the claimant does not enter his suit against the Commissioner within 2 months, the goods are automatically forfeited. If the Commissioner fails to notify the claimant within 2 months or fails to institute proceedings himself, ownership of the goods reverts to the claimant.

In any case of dispute as to the amount or rate of duty payable, or as to the liability of goods to duty, the duty should be paid in accordance with a prescribed procedure. The owner may sue for the recovery of such duty paid provided he commences the suit within 6 months after the date of payment.



## Credit and Finance

### *Currency*

The official currency is the Kenya shilling (KSh.), which is divided into 100 cents. The par value of the shilling is 0.103133 gram of fine gold. A central rate of KSh. 9.66 = 1 Special Drawing Right (SDR) of the International Monetary Fund was established on October 27, 1976. In transactions with authorized banks, the Central Bank of Kenya stands ready to issue Kenya shillings in exchange for U.S. dollars and to supply U.S. dollars in exchange for Kenya shillings at rates posted on the IMF's daily calculation of the U.S. dollar/SDR rate. As of December 31, 1976, KSh. 8.04 was the equivalent of U.S. $1.00 or 1 KSh. = $0.12.

### *Banking*

The Kenyan Central Bank performs the functions of issuance and redemption of notes and coins and the administration, regulation and direction of the currency system and the banking system in accordance with the economic policy of the Government.

Commercial banking in Kenya is relatively well-developed and generally is used in financing wholesale and retail trade, manufacturing, export crops and other major business functions. Commercial banking operations have been subject to increasing degrees of government participation over the last several years.

In mid-1970, the Kenyan Government announced it would take 60% participation in the operations of the National and Grindlays Bank. The Kenya Commerical Bank has taken over 78 of the existing 81 branches of Grindlays Bank. The remaining three branches formed another bank, Grindlays Bank International (Kenya), Ltd., in which the Kenyan Government holds 40% of the shares and the National and Grindlays Bank, 60%. The British-owned Barclays Bank and Standard Bank, Ltd., have branches in Kenya.

Six American banks have branches or affiliations: the Bank of America, the Chase Manhattan Bank, the First National City Bank, and the Continental Illinois Bank, Manufacturers Hanover, and the First National Bank of Chicago.

Other foreign commercial banks operating in Kenya include the Bank of India, Ltd., the Bank of Baroda, Ltd., The Algemene Bank Nederland N.V., Habib Bank (Overseas) Ltd., the Ottoman Bank and the Commerical Bank of Africa. Two local Kenyan commercial banks, the Cooperative Bank of Kenya, Ltd., and the National Bank of Kenya began operations in 1968.

Other financial institutions operating in Kenya include a Post Office Savings Bank, building societies (which provide mortgage loans for residential and commercial buildings), savings and loan companies, hire-purchase firms, and insurance companies. A stock market operates in Nairobi where trading takes place in shares and public securities.

### *Exchange Controls*

There is no restriction on the amount of foreign funds that can be invested in Kenya. To ensure eventual repatriation of such funds, the investor should obtain a "Certificate of Approved Enterprise" from the Kenyan Ministry of Finance and Planning (See Repatriation of Capital" below).

Local borrowing is normally restricted to 20% of the foreign investment when the company is externally controlled, and 40% of total investment when the company has mixed external-East African control. Authority must be obtained from the Central Bank for permission to make loans in excess of these levels. Capital transfers are restricted. Persons leaving Kenya permanently may transfer assets up to the equivalent of KSh. 50,000.

Approval is required for all imports and exports of securities. Approval is freely granted to nonresidents for the purchase of Kenyan securities on a recognized stock exchange, provided payment is received in an approved foreign currency with adequate financing. The income from such securities is remittable overseas.

In 1971 Kenya repegged its currency from the British pound to the American dollar at the fixed rate of 7.14 KShs. to the dollar. Subsequently, on October 27, 1975, as stated under Currency above, the shilling was pegged to the SDR.

The Minister for Finance and Economic Planning has delegated the administration of exchange control to the Central Bank of Kenya. Authority for approving normal import payments, many payments regarding current invisibles, and some capital payments to countries is delegated to authorized banks.

### *Availability of Capital*

Capital for industrial development is available from a variety of sources in Kenya, including commercial banks, local enterprises, and several domestic financial institutions in which the Kenyan Government has an interest. One is the Industrial and Commercial Development Corporation, which is wholly government owned; another is the Development Finance Corporation of Kenya Ltd. in which the Government has a 25% interest. Both these institutions make long-term development loans to new industries and will consider taking equity participation.

The Industrial and Commercial Development Corporation (ICDC) has served as the principal instrument in carrying out the government's Africanization policy. The ICDC has a prominent role in the following areas: investment in large industrial projects, the development of industrial estates, and the development of rural and other small-scale industries by providing financial assistance and management service. Specific functions of the ICDC and its subsidiary, the Industrial Development Bank, also include the promotion of and actual investment in joint enterprises between African and foreign investors. In its loan program, the corporation functions as an investment banking institution making medium-and long-term loans to industrial and commercial undertakings.

The Development Finance Company of Kenya Ltd. (DFCK) was established in 1963 as a private company to unite under experienced management both local and overseas capital in economically viable development projects that would not be undertaken by private interests. There is no clear line of demarcation between the functions of the ICDC and DFCK. Assistance for Kenyan agricultural undertakings may be obtained from the Agricultural Development Corporation (ADC); The Agricultural Finance Corporation extends credit to farmers for agricultural improvements.

The Industrial Promotion Services (IPS) promotes industrial and commercial projects in Kenya, normally participating only in the equity of a project and in a minority position. It organizes finance and seeks both domestic and foreign partners for investment projects.

Development assistance on a regional basis is available from the East African Development Bank (EADB). The objectives of the EADB are to provide financial and technical assistance to promote the industrial development of the partner states in the East African Community, and to supplement the national development agencies by joint financing operations. The EADB aims at cooperation with other institutions and organizations, public or private, national or international, interested in joint enterprises that further industrial development of the region.

### *Prices*

Consumer prices continued to accelerate during 1975 but the rate of increase moderated substantially during the next 3 months attributable in part both to the slowdown in the growth in demand and to effective operation of the Government's wage policy. During the January-July period the lower and middle-income cost-of-living indices rose by 13.0% and 17.5%, respectively, attributable mainly to a catch-up effect of sharply rising import prices in 1974 and increases in officially determined consumer prices for some agricultural commodities in January. In October the lower and middle-income cost-of-living indices were 18.2% and 18.8%, respectively, above their levels of December 1974.

## Investment

### *Kenyan Policy*

Since independence the Kenyan Government has taken a positive stance toward foreign investment in the country, particularly when there is Kenyan equity participation. Most foreign investment in the country has been in the area of production of consumer goods and local policy has been to increasingly encourage diversification into higher technology industries.

The Government of Kenya actively encourages private foreign investment in projects that contribute to Kenya's general economic development. Kenyan President Jomo Kenyatta made this clear on December 12, 1970 when he stated, "Like many other younger nations, our experience has been that public resources in capital and skill were limited. We have therefore pursued the policy in Kenya of offering encouragement for external investments and for the creative energy of private enterprise. My government will continue to attract the flow of industrial investments from outside. We will ensure through the provisions of services, legislation, and expansion of the export promotion council that there is every scope for private enterprise in manufacturing and commerce."

An important feature of the extension of government ownership since 1969 has been that control has been acquired either through the purchase of shares in the open market or by prior agreement with the private owners. President Kenyatta has stated, "In Kenya, we consider that a 50% shareholding partnership (between the government and the private sector) would be an ideal solution to various key centers of economic activities."



### *Investment Climate*

Most American investors find it in their interest to share equity in their operations with local organizations. The most commonly used local organizations are parastatal bodies owned by the Kenyan Government. While these parastatal bodies take equity participation in given enterprises they seldom take a very active role in the day-to-day management of the enterprise. The largest and most commonly utilized parastatal bodies are the Industrial and Commercial Development Corporation (ICDC); Industrial Development Bank (IDB); Kenya Tourist Development Corporation (KTDC); and the Agricultural Development Corporation (ADC).

For further information potential investors should contact the Industrial Survey and Promotion Center of the Ministry of Commerce and Industry located on the 8th floor of Uchumi House.

It is important that a potential investor be aware that Kenyan Government policy has favored local firms over foreign firms for purposes of allocating locally raised capital. Many foreign firms are required to look outside of Kenya for loan capital.

The Kenyan Government provides protection for locally manufactured goods through a system of import controls and duties on competing products. Firms manufacturing locally are also eligible for a 10% export subsidy for goods made in Kenya and sold outside the East African Community. For any investment in plant and machinery located outside of the Nairobi and Mombasa areas the Government of Kenya allows firms to write off 120% or their investment as depreciation.

### *Repatriation of Capital*

Applications for the introduction of foreign capital, from outside East Africa, for direct investment in Kenya are considered on an individual basis. If the investment is accepted because the project can contribute to Kenya's development, a "Certificate of Approved Status" may be granted. This certificate guarantees the right to repatriate capital, profits after taxes and dividends.

Under the Foreign Investments Protection Act, 1964 as amended in 1976 the Minister of Finance may issue the certificate to foreign nationals who invest foreign assets or reinvest their profits in Kenya if he is satisfied that the investment will be of "economic benefit to the country." This has generally been interpreted to mean that a project will:

(a) lead to either an earning or a saving of foreign exchange;
(b) result in a gain of technical knowledge to the country; or
(c) increase economic wealth and social stability by raising the national income or promoting the diversification of the economy.

Amendments to the Act in 1976 stipulate the investor rather than Kenya must assume the foreign exchange risks of his investment; the Kenyan Government will not guarantee in advance the repatriation of capital gains realized upon liquidation of an investor's assets; guaranteed repatriation of the original investment is a clear right; and the schedule for repatriation of profits (capital gains) must be negotiated.

Depreciation allowances are up to 2.5% annually on buildings and 12.5% on equipment. Corporation taxes are 45% for local firms and 52.5% for branches of foreign companies. While the Kenyan Government allows profits to be repatriated annually it has deferred payments of dividends overseas when a firm has outstanding loans locally. To date the Kenyan Government has had a flexible attitude toward overseas payments for technology transfer payments and management fees. Potential investors should clarify their position with the Government on this issue prior to entering into any agreement.

### *Foreign Investment*

The main source of foreign private investment in Kenya continues to be the United Kingdom, the former colonial power. During recent years investment interest on the part of companies in Western Europe and Japan has increased significantly.

Reliable figures on total private foreign investment in Kenya are not available. Figures for total industrial capital formation in Kenya during the years following independence indicate a steady increase in the volume of investment.

Foreign nationals who have invested or plan to invest foreign assets in approved industries are protected from loss due to nationalization by guarantees incorporated in the Kenyan Constitution and by the Foreign Investment Protection Act of 1964 as stated above.

The number of American firms with direct representation in Kenya has risen dramatically from 20 in 1962 to over 200 in 1976. The monetary value of U.S. private investment in Kenya is estimated at $150 million. With few exceptions, U.S. investments in Kenya have proven successful. Kenyan officials have expressed particular interest in increased investment for American business as they have been favorably impressed by U.S. management capabilities.

U.S. firms manufacture batteries, soap products, and can Kenyan agricultural products for home consumption and export. They manage modern hotels, provide banking and insurance services, provide international transportation, and contribute many other products and services to the economy. Included among American firms with major manufacturing facilities in Kenya are Firestone, Colgate-Palmolive, Crown Cork, Del Monte, Union Carbide, General Motors, CPC International and Coca-Cola.

### *Franchising and Licensing*

Kenya law does not contain specific provisions for franchising or licensing. The primary consideration neither type of arrangement is the formalization of a remittance procedure for any fees, royalties, etc. to the franchisor or licensor.

### *International Agreements*

Kenya is a signatory of the Settlement of Investment Disputes Between States and Nationals of Other States, which also has been ratified by the United States. An investment guaranty agreement is in force between the United States and Kenya. The investment services of the U.S. Private Investment Corporation (OPIC) are therefore available for Kenya.

### *Trade Licenses*

A company engaged in wholesale or retail trade must obtain a license after it has acquired a place of business. Non-citizens are precluded from operating in many towns; it is therefore essential to determine in advance whether the location is in what is termed a "general trading area."

Manufacturing firms are not allowed to distribute their locally produced merchandise but must sell through African distributors.

### *Foreign Ownership of Business Entities*

There are no restrictions on the right of foreign nationals to acquire and own business entities in Kenya. Most foreign companies investing there are urged to have Kenya participation in the new business. Local financial participation increases Kenyan support and provides the benefits of local knowledge and experience.

Permission must be obtained at the outset to appoint directors who are not residents of Kenya.

Similar permission must be obtained to issue shares to nonresidents.

### Ownership of Real Property

Foreign interests are permitted to own or lease land on industrial sites in Kenya, subject to the country's land-tenure laws and regulations. Land in Kenya is held on either a freehold or lease-hold basis, and is available to industry for periods of 99 years. Rentals for industrial sites are established by reference to prevailing market prices in Kenya. One-fifth of the assessed value of the undeveloped land must be paid by the lessee as a lump sum, followed by a yearly payment of 5% on the remaining four-fifths; this rental remains constant during the 99 year tenure. The purchaser is also required to pay the development costs for the installation of railway sidings, roads, sewers, etc. Major approved industrial enterprises may be able to negotiate favorable terms for the acquisition of land.

There are normally no onerous convenants contained in the leases other than that which requires the construction of the building of suitable design or stipulated minimum value within 2 or 3 years of the date of the grant.

Investors obtaining industrial plots in Kenya are advised to contact the Ministry of Commerce and Industry, P.O. Box 30050, Nairobi. The Kenyan Government controls the rights to all minerals within the boundaries of its jurisdiction and prospecting is lawful only under a license granted to qualified persons for a nominal fee. Exploitation of any mineral or petroleum deposits discovered requires payment of royalties to the Government.

Kenya's laws governing the issuance of prospecting licenses are quite liberal; the license must delineate the area covered and specify an obligation to drill and to expend a minimum sum of money. Kenya Government negotiators have wide leeway to set the specific terms of licenses, although their duration is limited to 10 years. Succession or inheritance of land by noncitizens is protected by the Constitution of Kenya and therefore is not affected by these controls. The President may prohibit any transactions involving agricultural land and may exempt any person or transaction from the provisions of the Act.

### Types of Business Organizations

American firms which desire to set up operations in Kenya may incorporate a local subsidiary company or establish a branch of representative office. Trading may be carried on only by a locally incorporated company or branch of the U.S. company. An authorized representative can trade on the company's behalf only as an agent, but may collect orders for the company's products. Firms doing business in Kenya must have a resident bank account.

As mentioned above, Kenya officials have strongly endorsed the joint enterprise type of investment arrangement. In order to regulate establishment of business operations, Kenya has published a Companies Act patterned after the United Kingdom Companies Act of 1948. Companies which may be organized under the terms of this legislation include limited-liability companies, partnerships, individual proprietorships, and companies limited by guarantees.

*Limited-Liability Companies.*—Limited-liability companies are limited by the number of shares which they may distribute. The liability of each individual shareholder is restricted to the amount, if any, unpaid on the shares that he holds. This is the usual type of corporate business organization in Kenya and may be either public or private.

A public limited-liability company is comparable with the typical U.S. corporation. This type of company must have at least seven shareholders.

Private companies, on the other hand, are usually formed to obtain the advantages of limited liability for family businesses, for small companies similar to partnerships, and for companies subsidiary to other companies. Most overseas firms establishing a branch in Kenya set up private companies. In accordance with their articles of association, such companies must restrict the transfer of shares and prohibit any invitation to the public to subscribe to any shares or debentures. The number of shareholders must be not less than two or more than 50.

*Partnership.*—The partnership is used for professional enterprises, small trading concerns, and frequently for the business of manufacturers' representatives which handle or distribute imported commodities. A partnership may be constituted between two but not more than 20 persons, either orally or in writing. Each of the partners must contribute either capital or labor for the joint benefit of the partnership and with the object of making a profit. Should these essentials be lacking, no partnership is deemed to exist. The liability of the partners cannot be limited by private agreement, and each partner is jointly and severally liable for all debts contracted by the partnership.



*Limited-Liability Companies Established Outside East Africa.*—Each company incorporated outside East Africa which establishes a place of business in Kenya must, within 30 days of such establishment, file with the Registrar of the country the following materials; a certified copy of the charter, statutes or memorandum and articles of the company or other instrument constituting or defining the constitution of the company; a list of the directors and secretaries of the company; a statement of all subsisting changes created by the company; the names and addresses of one or more resident persons authorized to accept on behalf of the company service of process and notice required to be served on the company; and the full address of the registered or principal office of the company.

### Industrial Property Protection

Kenya is a member of the "Paris Union" International Convention for the Protection of Industrial Property (patents and trademarks) to which the United States and about 80 other countries adhere. Thus, American businessmen and investors are entitled to the benefits of this Convention, such as national treatment and "priority right" recognition for their patent and trademark filing dates, in these countries. U.S. firms interested in securing patent and trademark rights in Kenya should consult with competent legal counsel to determine what steps should be taken.

### Patents

Kenya has not yet promulgated an independent national patent law and continues to use pre-independence procedures in providing patent protection. Only the holder of a valid U.K. patent can obtain patent protection in Kenya. As such, only those patents first registered in the United Kingdom may be registered in Kenya; such applications for registration must take place within 3 years of the date of the original U.K. patent grants on which they are based. A patent registered therein continues for the term of the original U.K. patent.

### Trademarks

Trademark applications must be filed in order for the mark to be registered; there are no provisions for automatic protection or recognition of a mark previously registered in the United Kingdom. In Kenya, registrations are valid for 7 years from application date and renewable for 14-year periods. The first person to apply for a mark as its user or intended user is entitled to its registration. Applications are published for opposition for 60 days. Registration is subject to cancellation if the mark is not used with 5 years. The office responsible for receiving trademark applications is the Department of the Registrar General, P.O. Box 30031, Nairobi.

### Copyrights

Kenya adhered in 1966 to the Universal Copyright Convention to which the United States and about 50 other countries also adhere. As such, U.S. nationals who have a U.S. copyright on their works receive automatic copyright protection in Kenya by inserting on their works their name, date of first publication, and the "C" in a circle (symbol of copyright registration).

## Taxation

Corporate and personal income taxes in Kenya are levied according to rules specified in The Income Tax Act 1973, as amended. The amounts of personal allowances and taxation rates are fixed by the Act. The machinery for assessment and collection is operated by the Kenya Income Tax Department.

### Corporate Taxes

The corporate tax rate for industrial enterprise is 45% of the net profits, excluding dividends received from resident companies. The tax on the income of branches of foreign firms is 52.5%. Profits from life insurance business and the mining of certain specified minerals are taxed at a lower rate. New mining companies are afforded partial tax relief by paying only 27.5% for 5 years after the company first makes a profit. Although the tax on undistributed income was abolished after 1964, companies which deliberately accumulate profits so that shareholders can avoid taxation, or distribute them in nontaxable form, nevertheless can be subjected to further tax under the anti-avoidance provisions of The Income Tax Act. A 15% withholding tax on dividends and a 12.5% withholding tax on interest has been introduced to be paid by both residents and nonresidents. A withholding tax of 20% has been imposed on all payments of management fees and royalties to nonresidents.

### Personal Income Tax

Residents and nonresidents alike must pay tax on income accrued in or derived from Kenya. Taxes on chargeable income are usually withheld from employees on a "pay-as-you-earn" (PAYE) system.

### *Tax Concessions*

In addition to expenses wholly and exclusively incurred in the production of income, Kenya tax law specifies various other permissible deductions.

Annual deductions for certain classes of capital expenditure incurred for business purposes are allowed as follows:

(a) Industrial buildings, such as factories (4%) and "approved" hotels (6% annually on the expenditure incurred).

(b) Plant and machinery: heavy self-propelling vehicles such as tractors—37.5% on the written down value; other self-propelling vehicles such as cars—25%; all other machinery, including ships—12.5%.

(c) Mining: 40% of expenditure in the first year and 10% in each of the following years.

(d) Farm works: 20% of expenditure in the first and each of the 4 following years.

An investment deduction is also given (which is not deducted in calculating written down values for the annual deduction) at the following rates on capital cost of construction:

(a) Ships—40%

(b) New factory buildings and new machinery installed in them 20%.

(c) New hotels—20%

Expenditures on clearing and planting land and on scientific research are allowed as incurred.

No balancing deductions on charges are made when a business as a whole is disposed of. Purchasers of assets are entitled to write off the residue of expenditure not allowed to the vendor. A loss in business (calculated after allowing capital deductions as above) is set off against other income of the same year. If a deficit results, the losses may be set off against profits of the preceding year or carried forward indefinitely and set off against profits of succeeding years. The provisions apply to all approved companies, both public and private, that operate in Kenya, whether incorporated in Kenya or overseas.

## Guidance for U.S. Business Travelers

### *Entrance Requirements*

A valid U.S. passport and Kenyan visa are required for entry to Kenya. Visas are issued by the Kenyan Embassy, 2249 R Street, N.W., Washington, D.C. 20008 and by the Principal Immigration Officer at Nairobi. Visas may be for either single or multiple entries; a letter of recommendation from the company the traveler represents is also required.



Temporary entry is usually granted for a maximum period of 6 months, with two extensions of 6 months each. Visitors wishing to remain longer, but not wishing to apply for permanent residence, must leave the country and seek readmission.

Visitors are not permitted to accept remunerative employment unless they hold a valid Temporary Employment Pass issued by the Immigration authorities. Such permits are ordinarily granted only if personnel with comparable skills are not locally available and, in most cases, immigration officials will require a Security Bond covering each alien so employed.

Entry requirements for persons wishing to take up residence or to seek long-term employment are more stringent. All persons traveling to Kenya must have been vaccinated against smallpox and inoculated against yellow fever and carry with them International Yellow Fever and Smallpox Certificates. Typhoid, tetanus, typhus, plague, cholera and diphtheria inoculations are recommended. The regular use of a malaria suppressant is advisable. There are no limitations on the importation of dollars, travelers checks, or other instruments of payment, although travelers must declare this amount at the time of entry. Where there are no restrictions on the use of U.S. dollars, departing American travelers will not be permitted to export foreign currencies, travelers checks or letters of credit in excess of the amount declared at entry. The importation and exportation of Kenyan currency is prohibited.

Business travelers entering Kenya are required to complete a passenger's baggage declaration certifying those items of baggage that are liable to duty. No customs restrictions are in force between Kenya, Tanzania, and Uganda and, subsequent to the original entry, travelers may enter any of the three countries without going through customs.

Free entry is permitted of necessary wearing apparel and personal effects that are proved to have been in personal or household use by the traveler and are not for sale, and of instruments and tools for professional use.

With the exception of stipulated personal allowance of alcoholic beverages and tobacco products, all other goods, whether imported for personal use or sale, including goods intended for residents of Kenya, are subject to duty.

Travelers wishing to import any vehicle (including trailers or cycles) or other goods intended for their use, convenience or comfort, but not for consumption, must deposit at the time and place of importation a sum equal to the duty that would be imposed. Simultaneously, a claim for temporary exemption should be presented in duplicate. The vehicle or goods must then be exported within 6 months or such further period as the Commissioner of Customs and Excise may allow. These conditions also apply to articles imported for exhibition or demonstration and subsequent reexport. If the prescribed conditions are not met, the visitor will be liable for the full duty of the vehicle or goods imported. A guaranty may be made by an authorized organization, however, in which case no deposit is required. The organization thereby assumes the liability for the duty if the vehicle or goods is not reexported within the prescribed period.

### *Marketing Tips*

In general, business customs are similar to but less formal than those in the United Kingdom. Americans stand a good chance for commercial success in the Kenyan market because of favorable dollar-shilling exchange rate, quality durability and reputation of product, and Kenyan recognition of direct, ethical business practices of Americans. Kenyans sometimes complain about slow and unreliable deliveries cumbersome formalities, irregular spare parts or follow up services, and generally stiffer credit terms than the major competitors. American firms are urged to confirm current Kenyan requirements and procedures through their bank, the General Superintendence Company (see above under Preinspection).

Although Swahili is the official language of Kenya, English is widely used in business and commerce. Business correspondence, catalogs, and advertising material prepared in English are readily understood by most potential buyers. Business cards are widely used. They are usually imprinted in black and white, although there is no objection to the colored American styles. Academic titles and degrees are most frequently cited by members of the European and Asian expatriate communities. The U.S. businessmen will ordinarily use his firm's name and his title within the organization.

Correspondence and personal calls each play a significant role in the conduct of business in Kenya. Expeditious handling of correspondence is expected and greatly appreciated.

Usual daytime dress is quite informal. Standards of appropriate business attire in the larger towns are comparable to those in most U.S. cities. In the coastal areas, tropical weight clothing is appropriate throughout the year; in the highlands, wool suits may be more comfortable. A raincoat is essential particularly during the April to June and October to November rainy season; a topcoat is rarely worn.

Personal visits are warmly welcomed and generally regarded as the most efficient method of establishing new trade contracts. Punctuality is important to Kenyan businessmen and the business visitor should make every effort to be on time for appointments. As a general rule, appointments should be made in advance of a business call.

Local telephone service is available in most cities and larger provincial towns, although delays of from 1 to several hours are often experienced on long distance calls within the region. Long distance telephone service to the United States, which cost approximately $15 for the first 3 minutes, can usually be made with a few minutes delay. International telex service through London provides teleprinter communication between Kenya and some 50 countries in Europe, North America, Asia and Australia.

Commercial airmail rates to Nairobi are 25 cents for a letter weighing one-half ounce. Airform letters, costing 13 cents are less expensive. Post office boxes not street numbers are used when addressing business firms, and cables are frequently used for speedier business communication. In estimating the time of a cable's arrival, 8 hours should be added to the time of dispatch (Eastern Standard Time). For telegrams, the full rate per word from all places in the United States is 28 cents subject to a minimum of seven words. For letter telegrams, there is a minimum charge of $3.08 for 22 words; each additional word costs 14 cents.

### *Living Conditions and Costs*

Most business travelers and residents find the Kenyan climate healthy and agreeable. Although the incidence of malaria is negligible in the cities and at altitudes over 5,000 feet, it is advisable to take an antimalarial preparation in the lower regions. Medical facilities in the major cities are generally adequate. British and Dutch equivalents of standard household medicines, including vitamins and pain relievers, can be purchased at local "chemists". Any special medicines should be carried with the traveler.

Kenya has several large hotels in Nairobi (Ambassador, Brunners Hotel, Nairobi Hilton, Hotel Inter-Continental/Nairobi, Embassy, New Avenue, New Stanley) and in Mombasa (Dolphin, Oceanic, New Carlton, Hotel Splendid, Rex, Nyali Beach Hotel and the Mombasa Beach Hotel). Hotel accommodations in Kenya are often difficult to obtain and reservations should be made well in advance. Hotels in the principal cities are generally comparable to first rate American standards but accommodations in smaller towns may be less satisfactory. In cities, the average single room with a bath may cost from $20 to $30 per day. Rates in the smaller towns are slightly lower.

Suitable long-term housing accommodations are often difficult to obtain, and business travelers planning a lengthy visit should allow 4 to 8 weeks in a hotel until more permanent housing can be located. Boarding houses, which are considerably less expensive, are available, but generally do not provide accommodations of the standard considered satisfactory by Americans.

Eating habits are generally comparable to those prevailing in Western Europe or the United States, and American travelers ordinarily experience no difficulty in adjusting to the local cuisine.

Buses and taxis serve the residential areas of the cities, but the schedules are such that they may not be considered a reliable means of transportation for business purposes. Private cars are available for hire in the main commercial centers, with or without chauffeur. Railway service is available only between the largest cities.

***Business Hours***

Business establishments and government offices in Kenya are open Monday through Friday from 8:15 a.m. to 12:30 p.m. and from 2 p.m. to 4:30 p.m. Most offices also are open on Saturday from 8:15 a.m. to noon.

***Holidays***

The official Kenyan holidays in 1977 are:

| | |
|---|---|
| January 1 | New Year's Day |
| April 8 | Good Friday* |
| April 11 | Easter Monday* |
| May 1 | Labor Day |
| June 1 | Mandaraka Day |
| September 16 | Id ul-Fitr* |
| October 20 | Kenyatta Day |
| November 29 | Id ul-Azhi* |
| December 12 | Independence Day |
| December 25 | Christmas Day |
| December 26 | Boxing Day |



The dates of several of the Christian and Moslem holidays in the foregoing list (those marked with an asterisk*) vary from year to year.

***Embassy Assistance***

U.S. business visitors are encouraged to use the U.S. Embassy in Nairobi and the Kenya Embassy and Consulate-General in the United States. The United States Embassy in Kenya is at Cotts House, Wabera Street, P.O. Box 30137, Nairobi, phone 34141. Kenya is represented in the United States by an Embassy at 2249 R Street, N.W., Washington, D.C. 20008, phone (202) 387-6101, and by its Mission to the United Nations, 15 East 51st Street, New York, N.Y. 10022, phone (212) 421-4740.

## Appendix A

***Banks***

Algemene Bank Nederland N.V.
Koinange Street
P.O. Box 30262
Nairobi
Tel: 21130, 21164

Bank of Baroda
Bank of Baroda Building
Mondlane Street
P.O. Box 30033
Nairobi
Tel: 27611, 333089

Bank of India
Kenyatta Avenue
P.O. Box 30246
Nairobi
Tel: 21414

Bank of Tokyo
Silopark House
Mama Ngina Street
P.O. Box 30441
Nairobi
Tel: 20951

Barclays Bank International Ltd.
Local Head Office
P.O. Box 30120
Nairobi
Tel: 23085

Central Bank of Kenya
Haile Selassie Avenue
P.O. Box 30463
Nairobi
Tel: 26431

Commercial Bank of Africa Ltd.
Wabera Street
P.O. Box 30437
Nairobi
Tel: 28881

Co-operative Bank of Kenya Ltd.
Government Road/Haile Selassie Avenue
P.O. Box 48231
Nairobi
Tel: 25370

First National Bank of Chicago
International House
Mama Ngina Street
P.O. Box 47842
Nairobi
Tel: 333960/28389

First National City Bank
Cotts House
Wabera Street
P.O. Box 30711
Nairobi
Tel: 333524

Grindlays Bank International (Kenya) Ltd.
Kenyatta Avenue
P.O. Box 30550
Nairobi
Tel: 335888

Habib Bank (Overseas) Ltd.
Nkrumah Road
P.O. Box 83055
Mombasa
Tal: 20829

Kenya Commercial Bank Ltd.
Government Road
P.O. Box 30081
Nairobi
Tel: 336681

National Bank of Kenya Ltd.
Development House
Government Road
P.O. Box 72497
Nairobi
Tel: 29541

Standard Bank Limited
Government Road
P.O. Box 30003
Nairobi
Tel: 331210

## APPENDIX B

***Public Sector Entities***

*General Government Agencies*
Kenya Tea Development Authority
National Irrigation Board
University of Nairobi
Egerton College
Kenyatta University College
Kenya National Parks Authority
Museum Trustees of Kenya

*Trading Organizations*
Agricultural Development Corporation
Kenya Meat Commission
Pyrethrum Marketing Board
Mombasa Pipeline Board
Cotton Lint and Seed Marketing Board
Maize and Produce Board
Kenya National Trading Corporation

*Financial Institutions*
Central Bank of Kenya
Cooperative Bank of Kenya
Industrial Development Bank
National Bank of Kenya
Post Office Savings Bank
Agricultural Finance Corporation
Development Finance Company of Kenya
National Housing Corporation
Industrial and Commercial Development Corporation
Kenya Tourist Development Corporation
Cereals and Sugar Finance Corporation
Agricultural Settlement Fund
Kenya National Assurance Company
State Reinsurance Corporation
Kenya Commercial Bank, Ltd.
First Permanent (E.A.), Ltd.
Housing Finance Co. of Kenya, Ltd.
Kenya Industrial Estates, Ltd.

*Public Enterprises*
Mumias Sugar Company
Mataara Tea Factory Co., Ltd.
Linten Tea Factory Co., Ltd.
Nyankoba Tea Factory Co., Ltd.
Chinga Tea Factory Co., Ltd.
Ragati Tea Company, Ltd.
Kenya Mining Industries, Ltd.
Kenya Mining Company

Kenya Cashew Nuts, Ltd.
Kibos Ginnery, Ltd.
Mwea Cotton Ginnery, Ltd.
Mambale Ginnery
Mea Garments
Wananchi Sawmills, Ltd.
Pulp and Paper Co. of E.A., Ltd.

Kenya Engineering Industries, Ltd.
E.A. Oil Refineries, Ltd.
E.A. Power and Lighting Co., Ltd.
Kenya Wine Agencies, Ltd.
Kenya Poultry Development Co., Ltd.
Panagric Hotels, Ltd.
Kenya Shipping Agency, Ltd.



# Market Profile—KENYA

### *Foreign Trade*

**Imports.**—$833.5 million, 1975, $879.2 million, 1974 Major suppliers, 1975: United Kingdom (U.K.), 19.9%; Iran, 14.2%; West Germany, 7.7%; Japan, 7.6%; United States, 7.1%; Italy, 2.6%. Principal imports: crude petroleum, machinery, iron and steel, vehicles. From U.S.: aircraft and parts, kraft papers, telecommunications equipment, fungicides, insecticides.

**Exports.**—$515.9 million, 1975; $507 million, 1974. Major markets, 1975: United Kingdom, 10.5%; West Germany, 8.9%; U.S., 3.9%; Zambia, 3.8%. Principal exports: coffee, tea, pyrethrum extract, sisal. Main exports to U.S.: coffee, tea, pyrethrum extract, sisal fiber, wood carvings.

**Trade Policy.**—Kenya, Tanzania, and Uganda form the East African Community (EAC) which maintains a common external tariff with no additional duties, but with some internal "excise" taxes and nontariff barriers on intra-community trade. Exchange and import authorization required on most imports.

**Trade Prospects.**—Kenya's import restraint programs least likely to apply to industrial raw materials, intermediaries, capital goods and agricultural inputs; 10% import duty imposed on intermediate goods in January 1975 also applied to capital goods since July 1976.

### *Foreign Investment*

Government encourages private foreign investment especially in projects that may save foreign exchange, expand exports, provide employment, and utilize local resources. During 1975 $25 million in new U.S. investment occurred. Direct U.S. investment totals approximately $150 million. Investment Guarantee Agreement with United States.

### *Finance*

**Currency.**—Kenya shilling (KSh): KSh8= US $1.

**Domestic Credit and Investment.**—Credit and venture capital available for array of private, public, foreign commercial, and international lending agencies. At year-end 1975, money supply was $746.3 million and commercial bank credit outstanding $561.8 million; increases 16% and 12% respectively during 1975.

**National Budget.**—FY 1976 estimated expenditures $1,057 million; estimated revenues $1,009 million. Of total expenditures, $659 million earmarked for recurrent account and $398 million for development.

**Foreign Aid.**—Average annual commitments of numerous countries and international lending agencies totaled $160 million in 1973-75. From U.S.: $9 million.

**Balance of Payments.**—Foreign exchange reserves totalled $169.3 million, December 1975. In 1975 trade deficit of $313.4 million Overall deficit of $33.1 million partly financed by foreign credits. Credit and foreign exchange restrictions increased in 1974.

### *Economy*

Mixed Economy. Goals of economic restructuring in progress include raising rural income levels and developing resource-based industries. Agriculture, fisheries and forestry accounted for 30%, manufacturing 12%, and commerce 10% of GDP in 1975.

**GDP.**—In 1975 GDP was $2,500 million at current prices; per capita income, $174. GDP growth rate was 0.7%. Middle income consumer price index (Nairobi) (1971=100) 159.6 and lower income index 166.9 at yearend 1975.

**Agriculture.**—Major products, 1975: coffee, 66,200 metric tons; tea, 56,000 MT; wheat, 145,400 MT; Sugarcane, 1.6 million MT; sisal, 43,600 MT; pyrethrum extract, 204 MT; cattle and calves, 134,100 head; milk, 230.6 million liters; beer, 154 million liters: cement, 896,900 MT. Corn, millet and cassava are main subsistence crops.

**Industry.**—Major industries include food processing, tobacco curing, oil refining (crude oil throughput 3.3 billion liters) and production of textiles, tires, cement and paper. Industrial production index (1969=100) 159.9 at end of 1975.

**Tourism.**—Major foreign exchange earner; 407,000 visitors in 1975.

**Development Plan.**—1974-78 Plan focuses on rural and agricultural development.

### *Basic Economic Facilities*

**Transportation.**—Railway, harbor, aviation service maintained on regional basis by East African Community Corporations. Regional rail network of 3,670 miles is major means of freight transport. 33.5 million MT of freight handled at Nairobi and 6 million MT at Mombasa in 1975. Kenya maintains 24,996 mile road system (1,493.4 miles paved), 199,715 motor vehicles registered in 1975. Mombasa, chief port of East Africa, serves Kenya, Uganda and northern Tanzania. International airport at Nairobi.

**Communications.**—East African Posts and Telecommunications Administration operates telephone, telegraph, and postal service. 512,500 radios; television facilities in major cities.

**Electric Power.**—1,001.4 million kWh consumed in 1975.

### *Natural Resources*

**Land.**—225,000 square miles, 10% agricultural, Low marsh coastal strip along Indian ocean, large arid northern region and high southern plateau interrupted by rugged volcanic mountains, north-south Great Rift Valley.

**Climate.**—Wide ranging altitudes contribute to temperate-tropical climate variations.

**Minerals.**—Relatively limited known resources, Fluorspar production. Small amounts of soda ash, salt. No known coal or oil deposits. Imported crudes refined for local consumption, reexport.

### *Population.*

**Size.**—13.7 million (1976 est.). 98% African. Annual rate of growth, 3.7%. Principal cities (1969 census): Nairobi, the capital (509,286), Mombasa (247,073), Nakuru (47,151), Kisumu (32,431), Thika (18,387) and Eldoret (18,196).

**Language.**—Swahili is official. English widely understood.

**Education.**—Literacy 35%; 7,606 schools with 1,837,829 students in 1972. 3,842 students at University of Nairobi in 1973.

**Labor.**—In 1975 826,300 employed: 213,700 in private agriculture and forestry, 282,500 in private industry and commerce and 330,100 in public service.

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Overseas Business Reports

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# Marketing in Cameroon

Prepared by Philip Michelini
Office of International Marketing
Bureau of International Commerce

U.S. Department of Commerce
Domestic and International Business Administration

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## The Cameroonian Market

Political stability, a liberal investment code, and nonrestrictive payments policy, a progressive attitude toward private initiative and foreign investment, and an impressive record of growth since independence have contributed to the creation of an attractive business climate in Cameroon. President Ahmidou Ahidjo has repeatedly stressed Cameroon's eagerness to obtain Western skills and capital for State and joint venture operations designed to promote national prosperity.

Numerous trade and investment opportunities for U.S. suppliers and investors are cataloged in the country's ambitious $2.9 billion 1976–81 fourth 5-year development plan. The Plan reserves an important place for foreign and domestic private investment. Important development projects will include construction and equipping of highways, airports, communications facilities, tourist facilities, agricultural and forestry projects, urban development, and industrial plants.

A growing number of American firms are exploring the Cameroonian market. Over 100 American firms currently are selling there, and total U.S. investment is likely to pass the $100 million mark before 1980. A prospering Cameroonian economy fueled by increased revenues accruing from rising sales of coffee, cocoa, timber, palm products, bananas and rubber should offer excellent sales opportunities in 1977 and 1978.

### *Foreign Trade Outlook*

From a record surplus of $41 million in 1974, Cameroon's trade balance fell to a deficit of $151 million in 1975. However, trade recovered substantially in 1976 the balance of payments situation also was favorable—a condition which may exist throughout 1977 and 1978 due to continuing high prices for coffee, cocoa, timber and most other export commodities, if current production volumes can be maintained and import prices for petroleum remain at present levels.

Most of Cameroon's total trade is still with the six original members of the European Economic Community (EEC), particularly France. In recent years the U.S. share of the Cameroonian market has increased both in absolute terms and as a percentage of total imports. Industrial machinery and transport equipment, particularly tractors and aircraft, have been the most important American ticket items. Substantial increases have also been registered as regards mineral products, chemicals, foodstuffs, and textiles and textile products.

American exports to Cameroon should grow in the years ahead as the Fourth Plan proceeds with its objectives. Plan projections are that import requirements should expand at a 6.2% annual level through 1981—from $476.5 million in 1974–75 to $710 million (at 1976 prices) in 1980–81. Even if Plan objectives are carried out only partially, many new trade opportunities will exist for American suppliers.

### *Development Planning*

Cameroon's Fourth Five-Year Economic, Social and Cultural Plan, covering 1976–81, was formally adopted by the National Assembly on August 28, 1976. The Plan, designed to outline national economic development, calls for an annual growth rate of 7.1% (in constant 1976

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### *Table 1.—Major U.S. Exports to Cameroon, 1974–76*
(Figures in U S dollars)

| Commodity | 1974 | 1975 | 1976 |
|---|---|---|---|
| Tobacco, unmanufactured | 1,561,336 | 2,057,984 | 2,104,511 |
| Textile fabric waste | 1,271,911 | 4,236,332 | 5,726,523 |
| Animal oils & fats | 1,300,776 | 383,885 | 1,488,266 |
| Cereal flours | 393,869 | 150,685 | 602,260 |
| Organic chemicals | 193,649 | 994,952 | 123,525 |
| Paper and paperboard | 2,302,995 | 2,566,036 | 3,435,684 |
| Cotton fabric, woven | 903,340 | 840,740 | 278,645 |
| Iron & steel tubes, pipes & fittings | 1,032,346 | 1,420,984 | 211,221 |
| Tractors, except road | 2,490,087 | 1,873,697 | 5,410,464 |
| Construction & mining mach. | 2,054,748 | 3,133,159 | 3,252,143 |
| Heating & cooling mach. & equipment & parts | 248,071 | 458,396 | 641,171 |
| Mechanical handling mach & equipment & parts | 878,374 | 406,367 | 887,938 |
| Motor vehicle & tractor parts | 249,609 | 373,172 | 310,511 |
| Chemical products & materials | 239,615 | 2,313,711 | 367,233 |
| Medicinal & pharmaceutical products | 229,245 | 51,942 | 586,393 |
| Food processing mach. | — | — | 1,421,082 |
| Aircraft, nec. | 715,471 | 504,732 | 969,406 |
| Telecommunications equip. | 39,969 | 353,752 | 1,042,120 |
| Other | 3,427,928 | 7,508,658 | 11,148,878 |
| Total | 19,533,419 | 29,629,184 | 40,007,974 |

Source U.S. Department of Commerce

### *Table 2.—Cameroon: Composition of Exports 1972–75*
(Volume in thousands of metric tons)

| Commodity | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| Cocoa | 81.6 | 84.2 | 88 9 | 72 5 |
| Cocoa products | 19.2 | 17.8 | 21.6 | 21.7 |
| Coffee | 66.2 | 82.0 | 100.7 | 93.7 |
| Robusta | (37.9) | (53 0) | (70.5) | (66.9) |
| Arabica | (28.3) | (29.0) | (30.2) | (26.8) |
| Aluminum | 29.8 | 27.9 | 21.2 | 25.0 |
| Aluminum products | 6.8 | 7 5 | 11.1 | 12.0 |
| Logs | 411.6 | 562.6 | 517.7 | 329.8 |
| Cotton | 12.6 | 15.6 | 5 8 | 9.1 |
| Rubber (natural) | 16.0 | 16 4 | 12 0 | 18.2 |
| Bananas | 61.8 | 64.5 | 75.5 | 111 2 |
| Palm kernels | 10.2 | 12.3 | 25.6 | 12.3 |
| Palm oil | 1.0 | 1 0 | 18.0 | 9.1 |
| Peanuts | 4.8 | 16.5 | 23 3 | 18.1 |
| (Value in millions of dollars) | | | | |
| Cocoa | 47.6 | 79.2 | 128.3 | 109 6 |
| Cocoa products | 14.6 | 22.8 | 39 0 | 40.2 |
| Coffee | 61.2 | 91.7 | 121.4 | 104.2 |
| Robusta | (34.5) | (56.0) | (78.8) | (70.2) |
| Arabica | (26 7) | (35.7) | (42.6) | (44.0) |
| Aluminum | 16.2 | 17.6 | 13.9 | 17.4 |
| Aluminum products | 5.4 | 7.0 | 10.2 | 14.2 |
| Logs | 17.9 | 45.2 | 49.4 | 29.6 |
| Cotton | 7.7 | 11.3 | 5.1 | 7.5 |
| Rubber (natural) | 5.3 | 8.3 | 7.0 | 10.0 |
| Bananas | 8.9 | 10.9 | 13.0 | 20 0 |
| Palm kernels | 1.1 | 2.5 | 9 5 | 2.7 |
| Palm oil | 0.2 | 0.2 | 9.9 | 3.7 |
| Peanuts | 1.1 | 3.7 | 7.2 | 6.9 |
| Other | 40.9 | 68.3 | 73.9 | 96.0 |
| Total | 228.1 | 368.7 | 487.8 | 462.0 |

Source· International Monetary Fund

prices) in the gross domestic product (GDP) by means of capital investments totaling 720.3 billion CFA Francs—($2.9 billion—(see table 5).

### *Table 3.—Cameroon: Composition of Imports, 1972–75*
(In millions of U.S dollars)

| | 1972 | 1973 | 1974 | 1975 [1] |
|---|---|---|---|---|
| Foodstuffs, beverages & tobacco | 2.9 | −3.6 | 43.8 | 37.3 |
| Other consumption goods | 118.9 | 132.1 | 163.4 | 187.7 |
| For industry | 80.1 | 74.6 | 110.8 | 128.3 |
| For households | 38.8 | 48.5 | 52.6 | 59.4 |
| Raw materials | 14.1 | 12.6 | 22.8 | 27.7 |
| Fuels & lubricants | 15 2 | 18 5 | 38.8 | 46.1 |
| Semifinished goods | 39.3 | 45.4 | 67.6 | 89.4 |
| Capital goods & equipment | 89.1 | 93 9 | 105.8 | 138.1 |
| For industry | 40.8 | 47.7 | 58.1 | 84.8 |
| For transportation | 47.0 | 45.1 | 45.3 | 50 2 |
| For agriculture | 1.3 | 1.1 | 2.4 | 3.1 |
| Total | 279.5 | 298.9 | 442.2 | 526 3 |

[1] For the first 11 months only total imports for 1975 are estimated at $575.1 million

Source. International Monetary Fund

### *Table 4.—Cameroon: Direction of Trade 1972–75*
(In percent of total)

| | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| **Exports** | | | | |
| European Economic Community [1] | 68.2 | 69.7 | 73.0 | 60.7 |
| Belgium-Luxembourg | 2.1 | 2.4 | 2.6 | 1.7 |
| France | 31.5 | 29.7 | 28.0 | 28.0 |
| Germany, Federal | 9.3 | 9.7 | 6.8 | 7.7 |
| Italy | 2.8 | 3.7 | 5.2 | 3.2 |
| Netherlands | 22.5 | 24.2 | 30.4 | 20.1 |
| United Kingdom | 1.8 | 1.1 | 1.0 | 1.9 |
| United States | 8.9 | 7.2 | 3.9 | 3.1 |
| Japan | 3.6 | 4.4 | 2.8 | 2.6 |
| African countries | 10.6 | 10.4 | 8.9 | 14.9 |
| UDEAC | 6.9 | 5.8 | 5.8 | 8.4 |
| Other | 3.7 | 4.6 | 3.1 | 6.5 |
| Other | 6.9 | 7 2 | 10.4 | 16.8 |
| **Imports** | | | | |
| European Economic Community [1] | 65.2 | 65.2 | 66.2 | 66.6 |
| Belgium-Luxembourg | 2.1 | 1 9 | 2.1 | 3.1 |
| France | 47.6 | 47.6 | 47.1 | 46.3 |
| Germany, Federal | 7.7 | 9.2 | 9.2 | 7.7 |
| Italy | 5.5 | 4.2 | 5.6 | 6.1 |
| Netherlands | 2.3 | 2.3 | 2.2 | 3.4 |
| United Kingdom | 3.3 | 2.9 | 3.7 | 4.0 |
| United States | 11.2 | 9.0 | 6.2 | 6.9 |
| Japan | 2.4 | 2.0 | 2.3 | 3.5 |
| African countries | 9.0 | 9.1 | 9.7 | 8.5 |
| UDEAC | 4.8 | 5.1 | 6.0 | 6.1 |
| Other | 4.2 | 4.0 | 3.7 | 2.4 |
| Other | 8.9 | 11.8 | 11.9 | 10.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 |

[1] The six original members

Source: International Monetary Fund

The public sector is expected to provide 70.6% of the cost of planned expenditures, with the remaining 29.4% to be raised by private enterprise. In contrast to the Third Plan (1971–76), which emphasized infrastructure projects and manpower training, the current Plan gives highest priority to directly productive investments, primarily in agriculture and related activities. The success of the new development program is highly contingent upon a substantial increase in foreign capital inflows, both development assistance from friendly nations and international



### *Table 5.—Projected Development Investments Under Fourth and Third Plans*
(In millions CFA francs)

| Sector | Fourth Plan Investments | Fourth Plan % of total | Third Plan Investments | Third Plan % of total |
|---|---|---|---|---|
| Rural economy | 125 274 | 17 27 | 25.54 | 9.2 |
| Manufacturing | 78.446 | 10.82 | 56 42 | 20 1 |
| Power | 23.000 | 3 17 | | |
| Mining | 123.059 | 16.97 | 13 88 | 5.0 |
| Trade, transportation | 39 083 | 5.39 | 42 40 | 16.1 |
| Tourism | 9.119 | 1 26 | 7 20 | 2 6 |
| Infrastructure | 156.768 | 21.62 | 57 30 | 20.5 |
| Education, training | 36.721 | 5.06 | 21 63 | 7 8 |
| Youth, sports | 3 000 | 0 41 | 1.50 | 0 5 |
| Health, social affairs | 12 005 | 1.65 | 6.75 | 2 4 |
| Housing, urban development | 84 180 | 12.30 | 29 70 | 10.6 |
| Information & culture | 21 561 | 2.97 | 10.30 | 3.6 |
| Administrative equipment | 4.056 | 0.56 | 1 30 | 0 5 |
| Study and research | 4.000 | 0 55 | 3 00 | 1.1 |
| Total | 720 272 | 100 | 276 920 | 100 |

Source: Cameroon Fourth Five-Year Development Plan

sources and foreign private investment. According to Cameroonian authorities, it should be possible to attract development assistance without generating an unduly bothersome external debt over the medium term.

### *Agriculture and Forestry*

**Agriculture.**—Agriculture is by far the most important economic activity in Cameroon. It provides a livelihood for the bulk of the active population and accounts for one-third of GDP at market prices and for about three-quarters of export revenues. In addition, agricultural commodities form the basis of the country's principal processing and manufacturing industries.

Under the Fourth Plan 10.3% of Plan expenditures or 70.45 million CFA francs (approximately $280 million) are to be allocated to agriculture projects, representing a significant increase over Third Plan expenditures (see table 6).

The largest individual expenditure item ($60.2 million) will be the development of the country's oil palm industry (see table 7). In 1980, provided Plan targets are met, Cameroon will have 57,000 hectares of palm groves producing 80,000 tons of palm oil as well as 22,000 tons of palm kernels. The Cameroon Development Corporation (C.D.C.) and Pamol (a subsidiary of Unilever) have major expansion projects.

In addition, the Government will provide a credit of 1.5 million CFA francs for the establishment of village plantations. Finally, aided by a $25 million loan from the World Bank, Cameroon inaugurated in April 1977 a $38.5 million Second SOCAPALM Project. Over a 5-year period, the project will provide for the establishment of a 6,000-hectare plantation of high-yielding oil palm and the first phase of an oil palm processing factory; establishment of 2,000 hectares of small holder oil palm plots, additional landclearing planting and maintenance operations; harvesting and collection equipment and staff housing; expansion of an oil processing mill at M'Bong and construction and equipping of a headquarters complex in Douala. Goods and services subject to the international competitive bidding (ICB) arrangements of the World Bank—largely machinery, vehicles and equipment, fertilizer and some construction work—are estimated to cost $20.6 million. Inquiries

### *Table 6.—Agriculture Production Goals during Fourth Plan*
(in tons)

| Commodity | 1974–1975 | 1980–1981 | Annual (%) Growth Rate |
|---|---|---|---|
| Cocoa | 117,771 | 200,000 | 9 3 |
| Arabica coffee | 32,334 | 60,000 | 11 0 |
| Robusta coffee | 67,420 | 100,00 | 6 8 |
| Cotton | 40,000 | 125,000 | 20 9 |
| Bananas | 74,500 | 130,000 | 9.8 |
| Peanuts | 50,000 | 92,000 | 10 5 |
| Rubber | 18,000 | 25,000 | 5 7 |
| Filler tobacco | 26 | 1,200 | 9 0 |
| Industrial palm oil | 37,900 | 80,000 | 13 3 |
| Industrial palm kernels | 10,500 | 22,000 | 13 0 |
| Tea | 1,800 | 3,500 | 11 4 |
| Sugar cane | 252,000 | 1,000,000 | 26 0 |
| Sugar | 23,000 | 80,000 | 22 6 |
| Wood ($m^3$) | 1,300,000 | 2,500,000 | 9 8 |
| Pineapples | — | 100,000 | — |
| Rice (paddy) | 24,000 | 100,000 | 30 0 |
| Wheat | — | 30,000 | — |
| Wrapper tobacco | 2,247 | 5,000 | 14 5 |

Source· Cameroon Fourth Five Year Development Plan

### *Table 7.—Fourth Plan Credits Devoted to Crop Agriculture*
(in millions of U S dollars)

| | |
|---|---|
| Oil palm | $60 2 |
| Rice | 45 4 |
| Sugar cane | 27 4 |
| Rubber | 26 3 |
| Cocoa | 21.2 |
| Arabica coffee | 12 0 |
| Wheat | 10 8 |
| Bananas | 5 7 |
| Cotton | 5.4 |
| Robusta coffee | 4.0 |
| Corn | 4 0 |
| Manioc | 4 0 |
| Tea | 3 2 |
| Peanuts | 2 4 |
| Staple corps in general (MIDEVIV) | 2 0 |
| Tomatoes | 2 0 |
| Quinine | 1 2 |
| Cashew nuts | 0 9 |
| Pineapples and other fruit | 0 6 |
| Wrapper tobacco | 0 6 |
| Fibers for bag making | 0.4 |
| Medicinal plants | 0 4 |
| Total | $238 1 |

Source Cameroon Fourth Five Year Development Plan

concerning the project can be addressed to SOCAPALM, B.P. 691, Douala.

Cameroon is also devoting special attention to the production of rice to meeting growing popular demand. The area under cultivation has expanded markedly in recent years. To achieve national self-sufficiency a number of rice production projects are being implemented or envisaged. The principal one was started in 1971 with the creation of the *Societe d'Expansion et de Modernisation de la Riziculture de Yagoua* (SEMRY), involving the development of 4,500 hectares of land for irrigated rice in the Logone area. An extension of this project, called SEMRY II, is planned for an area north of Yagoua, with an annual production target of 20,000–25,000 tons of paddy; the study of this project has been completed, but its financing (estimated at $12 million) is still to be negotiated. In addition feasibility studies have been carried out for a rain-fed rice project covering 10,000 hectares in the Bamileke plateau and for the development of rice cultivation in the Haute Vallee du Noum and in the Mbandjack area.

The sugar industry in Cameroon dates back to 1967–68 when the Societe Sucriere du Cameroun (SOSUCAM) started operations. Its production rose from 7,500 tons in 1968–69 to 27,250 tons in 1975–76. To meet domestic demand (about 50,000 tons) and eventually produce a surplus for the export market, a second company (CAMSUCO), was created in 1975 with a capital of 4 billion CFA francs, shared by the Societe Nationale d'Investissement (SNI) and the Grands Moulins/Somdina group (which owns 42% of SOSUCAM's capital). Most of the $27.4 million in Plan credits directly allocated to sugar cane are to go to the expansion of the area being farmed by SOSUCAM (5,000 to 7,500 hectares), to the creation of 15,000 hectares of new plantations to supply the CAMSUCO factory, and to the planning and establishment of a third sugar complex in the north (in the Lagdo area).

Rubber is produced in Cameroon on a plantation basis by Pamol and the C.D.C. in former West Cameroon and by the Societe Africaine Forestiere et Agricole (Safecam) in former East Cameroon. Production has expanded in recent years, reaching 17,325 tons in 1974–75. In May 1975 the Societe Hevea-Cameroun (HEVECAM) was created with a view toward tripling eventually the production of rubber. Plan expenditures are concentrated in the HEVECAM agro-industrial complex in the Kribi region. There, aided by the World Bank, 12,500 hectares of rubber plantations are to be planted, 5,800 by HEVECAM, 6,000 by the C.D.C. and 700 by Safecam. Estimated rubber production in 1981 is 25,000 tons.

Cameroon is the fifth largest producer of cocoa in the world, with cultivation occurring on family farms throughout the forestry zone, especially in the central and southern areas. The cultivated area devoted to cocoa is estimated at 410,000 hectares, of which approximately 350,000 hectares have an average yield of between 310 kilograms and 350 kilograms of cocoa beans per hectare; the remaining 60,000 hectares are covered with older plots, where yields are substantially lower. In recent years production has fluctuated around 110,000 tons. The recent stagnation of output has been largely due to the old age of many trees; an additional factor has been insufficient and untimely application of inputs such as fertilizer. To cope with these problems, the Societe de Developpement du Cacao (SODECAO), a state enterprise established in 1973, is implementing a major project (Plan Cacao) covering about 50,000 hectares and including provisions for extension services, credit facilities, and training. Monies have also been earmarked for expansion and restoration activities outside the SODECAO's area.

Both Robusta and Arabica coffee are grown in Cameroon on small-holdings and on large-scale plantations. The Robusta variety, which is used in the making of instant coffee, accounts for about two-thirds of the total crop. In 1974–75 total coffee production was 108,962 tons. In recent years production has been hindered by destruction caused by pests and the old age of the trees. Under the Plan, the Government will institute various corrective measures, including the replenishing of low-yielding plantations, the introduction of improved growing methods designed to reduce intercropping and planting densities, and a greater use of fertilizers and pesticides. A master plan is being implemented which envisages the development over a period of 11 years of 110,000 acres with a minimal annual yield of 700 kilograms per acre of high quality coffee.

The plan also calls for considerable expenditures devoted to the production of wheat, corn, manioc, millet and sorghum. The $10.8 million provided for wheat will be used by the state agency, *Sodeble*, which has been encouraged by the successful experiments carried out at Wassanda in northern Cameroon, to plant 10,000 hectares and aim at a production goal of 30,000 tons of local wheat by 1981. For maize, the country's second most important cereal, Plan efforts concentrate on expanding acreage and establishing a center for the industrial cultivation of the crop in the Bamoun plains, mainly in response to strong demand from the local beer industry.

Responsibility for the development of manioc, millet and sorghum (as well as other staple food crops) lies with the Mission de Developpement des Cultures Vivrieres, Maraicheres et Fruitieres (MIDEVIV), an autonomous public enterprise under the jurisdiction of the Ministry of Agriculture. Among MIDEVIV's major projects are the establishment of an agro-industrial complex at Bertoua for the manufacturing of manioc products ($4 million). Other MIDEVIV programs during the current plan involve the establishment of an agro-industrial complex for tomato processing at a still undetermined location ($2 million) and the growing of cashew nuts in the Sanguere area south of Garoua ($1 million).

Bananas, a major export crop, are to receive grants totaling $5.7 million. Plan forecasts are for production, which in 1975 reached 74,300 tons, to amount to 130,000 tons in 1980–81. Development efforts will be carried out by two public organizations, the Organisation Camerounaise de la Banane, which is the main producer, the Cameroon Development Corporation, and by three private industrial plantations.

Cotton, another important earner of foreign exchange, will receive allotments totaling $5.4 million. Responsibility for Plan implementation lies with the Societe de Developpement du Coton (SODECOTON), a state agency with a 45% participation by the Compagne Francaise pour le Developpement des Fibres Textiles (CFDT). Plan targets are to increase the areas devoted to cotton cultivation from 85,000 to 115,000 hectares and production from 50,000 tons (1975–76) to 125,000 tons in 1980–81.

Additional areas where supply and investment opportunities exist for American private enterprise include quinine and other medicinal plant production and processing, tea processing and pineapple production and processing. In addition, the Government is willing to entertain proposals for non-Plan projects and some 20 integrated regional development schemes. The latter operations are to receive allocations amounting to $46 million.

Interested American traders and investors may obtain additional information concerning the projects described by contacting the African Area, Office of International Marketing, U.S. Department of Commerce, Washington, D.C. 20230 (tel: 202-377-5148). Firms also wishing to participate in the Integrated Agribusiness Technical Trade Mission which the Department of Commerce has scheduled for Cameroon in February 1978 should contact the Office of International Marketing.

**Forestry.**—The forest reserves cover some 20 million hectares, of which about 3 million hectares are closed to lumbering. The Government has sought to promote the development of the forestry sector by granting substantial concessions to investors and by improving transportation facilities. In 1973 exports of logs reached 562,000 tons, representing an increase of 37% over 1972. However, in the following 2 years the forestry sector suffered from a slackening of external demand due to the recession in industrial countries.

Furthermore, in July 1974 the Government raised the rates of export duties on many log species. As a result, felling operations were sharply curtailed, and log exports declined to 517,700 tons in 1974 and further to 329,800 tons in 1975. Since then production has increased. Approximately 55% of Cameroon's log production is exported, and the remaining 45% is processed in local mills into timber, plywood and boards; a part of the processed products is also exported.

Under the current Plan, Cameroon hopes in 1980–81 to be producing 2,500,000 cubic meters of wood. Some 21.7 million CFA francs ($85 million) are to be spent on activities involving forest enrichment, reforestation or development. In addition, the private sector is expected to spend 6.0 million CFA francs ($24 million) on wood-processing industries.

The market for U.S. forestry equipment should remain strong during the next few years. Imports from the United States have consistently led the field in the categories of earthmoving and timberhandling equipment. Sales of U.S. milling equipment and woodworking tools have been minimal but should grow as the woodprocessing sector becomes more important.

### *Fisheries and Livestock*

**Fisheries.**—In recent years, annual catch of fish and shrimp has been decreasing, dropping from 23,171 tons in 1971 to 21,307 tons in 1974. This downward trend has been attributed mainly to problems in determining territorial limits and fishing rights, poor equipment, a lack of proper organization and of effective marketing outlets for traditional fishermen. To reverse this trend, the Plan calls for expenditures of 3,450 million CFA francs ($14.5 million) between 1976–81. Major expenditures will be made for: the purchase of 10 new shrimping boats ($4 million); the

establishment of a Societe mixte de peche fraiche with 10 trawlers ($3 million); the expansion of intensive fish breeding centers ($2.4 million); the purchase of a high seas "mother ship" ($2 million).

**Livestock.**—Cameroon has good potential for livestock development, but production faces the difficult problems of tsetse infestation and of traditional grazing methods characterized by low returns. The northern grasslands and the Adamaoua tableland are the two most important livestock-producing areas. Between 1969 and 1974, the latest year for which information is available, total production of meat increased from 71,600 tons to 97,400 tons, representing an annual growth of over 7%.

For Fourth Plan period a Meat Plan has been drawn up and entrusted to the Societe de Developpement et d'Exploitation des Productions Animales (SODEPA), a public enterprise created in 1974. The Meat Plan, involving expenditures of $14.4 million, calls for the construction of the three stock ranches at Ndokayo, Dumbo and Faro for 8,000 head of cattle, the construction of two modern slaughterhouses in Douala and Yaounde, and the provision of technical support for traditional herdsmen. Other livestock projects, which could utilize equipment and stock inputs from the United States, involve pig, poultry and dairy production.

### *Mining and Metallurgy*

Mining is presently restricted to the extraction of small quantities of cassiterite, gold and a few nonmetallic minerals. Production in all instances is minimal. Important deposits of bauxite, estimated at 1 billion tons, have been located at Minim-Martap in the Adamaoua area. In addition, bauxite deposits of about 50 million tons have been found at Fongo-Tongo near Dschang. Exploitation of these important resources is under consideration but is not considered likely during the Fourth Plan period. Development costs are estimated at $1 billion.

***Table 8.—Production Goals for Fisheries and Livestock Under Fourth Plan 1976–81***

| | 1974–75 | 1980–81 | Annual growth rate (%) |
|---|---|---|---|
| Fishing (tons) | | | |
| Fresh fish | 13,687 | 30,000 | 14 |
| Frozen fish | 4,993 | 20,000 | 26 |
| Shellfish | 1,719 | 6,000 | 23 |
| Livestock (head) | | | |
| Cattle | 3,000,000 | 4,000,000 | 4.9 |
| Sheep and goats | 3,500,000 | 5,200,000 | 6 8 |
| Pigs | 800,000 | 1,300,000 | 8.4 |
| Poultry | 10,000,000 | 15,000,000 | 7.1 |

Source: Cameroon Fourth Five Year Development Plan

Oil exploration has been conducted mainly in the sedimentary basin between Douala and Victoria, where oil traces have been known to exist for many years. Operations in recent years have been carried out both offshore and on land by eight companies: Elf Serepca, Mobil, Gulf, Shell Camrex, Amerada, Hess, Oceanic and Normafrique. Two pockets of natural gas have been discovered, with total reserves estimated at around 400 million cubic meters. Elf Serepca plans to begin production of the deposits at Logbaba during 1977 at an annual rate of 5–6 million cubic meters. In addition, starting in 1978, Elf Serepca will begin petroleum production offshore at Kole in the Rio del Ray region at an estimated annual rate of 200,000–600,000 metric tons. Government officials hope to make Cameroon a small net exporter of petroleum by the end of 1981.

Other minerals that have been identified in the various parts of the country include uranium, barium, copper, lead, zinc, silver, sapphires, iron ore, rutile and diamonds. Studies concerning the extent and quality of the more promising of the deposits are underway. Currently the most promising prospects involves the discovery in late 1976 of a 1 billion ton deposit of 70% hematite iron ore in southeastern Cameroon at Mbalam. Canadian experts are presently conducting technical surveys.

### *Power and Manufacturing*

**Power.**—Production and distribution of electricity in Cameroon is under the control of the semipublic company, Societe Nationale d'Electricite (SONEL), in which the Government has an 80% share. In 1974–75 electricity production amounted to 1.3 billion kilowatt hours (kWh).

Under the Fourth Plan, expenditures on power development are calculated at 123 million CFA francs (about $480 million). The Government envisages the implementation of two major hydroelectric projects, which would at least double installed capacity by 1980. These would entail construction in phases of two dams and related facilities, one at Song-Loulou across the Sanaga river and the other at Lagdo across the Benoue river. The planned final capacity of these projects would be 288 megawatts and 60 megawatts, respectively. The more important Song-Loulou project would help meet the requirements of a planned expansion of the aluminum smelter plant at Edea, and in addition provide electricity to the southern, western and



northwestern parts of the country. Financing for these projects has now been secured. Connected with the completion of the two dams will be the construction of six 30 kilowatt (kV), five 90 kV and four 225 kV transmission lines, plus five interconnection stations. In addition SONEL will commission studies relating to the feasibility of dams at Nactigal on the Sanaga River (200 megawatts installed capacity), Njock on the Nyong River (270 megawatts installed capacity) and at Atoufi on the Mentchum River.

**Manufacturing.**—Cameroon has a relatively well-developed manufacturing sector, which accounts for about 13% of GDP at market prices. Manufacturing activity has expanded markedly, encouraged by a favorable investment climate and the availability of electricity at low prices. Although the Government has been aiming at diversifying the location of industries, manufacturing enterprises are still concentrated in Douala, which provides the main urban market.

The manfuacturing sector consists mainly of foreign-owned agricultural processing and other consumer goods industries, producing not only for the local market but also for export, essentially to other members of the Central African Customs and Economic Union (UDEAC) and Chad. The only heavy industry now is an aluminum smelter plant at Edea, operated by a French-owned company (ALUCAM) and based on alumina imported from Guinea.

Under the Fourth Plan, capital investments devoted to manufacturing enterprises are to total 103 billion CFA francs (about $410 million), including 25 billion francs for the construction of an oil refinery planned for Pointe Limboh. The private sector, foreign and domestic, is expected to provide the bulk of the financing. Estimated expenditures for purely industrial projects may be listed by industry as follows: the paper pulp industry (31.7 billion CFA francs), food processing and affiliated industries (9.3 billion CFA francs), the textile industry (7.3 billion CFA francs), the wood-processing industry (6.1 billion CFA francs), the metalworking industry (6.0 billion CFA francs), the leather and shoe industry (12.2 billion CFA francs), the mechanical manufacturing industry (2.1 billion CFA francs), the building materials industry (1.9 billion CFA francs), and miscellaneous industries (560 million CFA francs).

Wood-processing industry expansion efforts are largely devoted to the construction and equipping of the Cellucam (Cellulose du Cameroon) plant designed to produce 125,000 tons of pulp and paper products. The plant is to be completed by 1980. Two prominent Swedish companies, Sunds AB, a large forest industry machinery manufacturer, and ASEA, Sweden's leading electrical manufacturer, have received large equipment awards. The main contractor for the project is the Austrian government-owned iron and steel group Voest. The total cost of the project is reported to be about $215 million.

Food processing and affiliated industry projects include the establishment of a factory to process 25,000 tons of cocoa beans, in which Klockner of West Germany has expressed an interest, and the construction of an 8,600 capacity soluble coffee factory. Financing for the coffee project is being sought. Other active proposals include a scheme by SOCAMI-BGI to bottle 135,000 hectoliters of mineral waters, for which equipment expenditures would total 911 million CFA francs, and the completion by the New Jersey-based Yoo Hoo Industry of Cameroon of a plant at Victoria to make milk-based beverages for local consumption and export. Proposals to process pineapple and tomatoes, establish a malt factory and fish packing industry will continue to receive attention with a view toward commencing operations in 1979 or 1980.

Textile industry plans center on the construction of a second national cotton textile plant by 1980–81 in the region around Yaounde or at Edea. Annual production would be 12.6 million meters of fabrics. Plant investment is estimated at 6.3 billion CFA francs, of which 4.3 billion would be for equipment purchases. Other textile projects include plans to make terry cloth and the establishment of a hosiery factory.

In the wood-processing industry, the Sofibel complex (Societe forestiere industrielle de Belabo) dominates the field with 4.5 billion CFA francs in planned investments. The other projects of major importance include that of Sintrabois-Cameroun (Societe industrielle de transformation du bois du Cameroun), an industrial cabinetmaking concern concentrating on the production of flooring, mouldings, laminated woods, shutters and wainscotting (820 million CFA francs), and the Societe Ecam-Placage with investments totaling 765 million CFA francs.

In the metalworking field Alucam is planning to double the production capacity at its Edea aluminum plant at a cost 5 billion CFA francs. In addition the Plan forecasts the creation of a small scrap iron electric steel mill and a cast iron foundry.

The Fourth Plan envisages two projects as regards the leather and shoe industry. The more

important project involves completion during 1977–78 of a tannery at Ngaoundere, which will process 784,000 skins on an annual basis. The other project concerns the expansion of the BATA-Cameroun shoe factory to an annual capacity of 6.8 million pairs.

Three known plans are on the board for the mechanical manufacturing industry: the organization by SAFI-AUTO of an assembly line for 400 agricultural tractors and 300 trucks; expansion of the country's nail, nut and bolt facilities; and the creation by CTMC of a production unit for hardware and locksmithing items. Other projects are receiving active consideration.

In the building materials field, investments totaling 1.7 billion CFA francs will go for the funding of a ceramics factory at Douala scheduled for completion in 1978–79. The Italian company, SACMI-IMPIANTI, is in charge of the project. Other plans involve expansion of CIMENCAM's cement mill at Bonaberi from 300,000 tons to 473,000 tons by 1979. Additional projects involve brickworks and glass bottle production.

Miscellaneous industry proposals include tire manufacturing, poultry feed production, a sausage factory, a dairy products plant, a production line for tin cans, a photo-finishing laboratory, a ribbon and lace works, and a plant to produce nylon fishing nets. In addition efforts will be made to promote local craftwork.

### *Tourism*

The tourist industry has expanded rapidly in recent years. The number of hotels increased from 79 in 1968 to 203 at the end of 1975, with the number of available beds growing from 3,421 to 5,772 during the same period. Foreign tourists amounted to 82,800 in 1975.

Investments in the tourist industry are to total 8.6 billion francs during the Fourth Plan period, of which 7.4 billion are to occur between 1976–79. Hotel capacity is to increase by 1,100 rooms. New international class hotels are to be built in Douala, Maroua, the Waza National Park, Victoria and Kribi. Several tourist offices are slated to be established abroad.

### *Social Services*

Within the social services sector some 144 billion CFA francs in Plan credits are to be appropriated for programs relating to education and training, youth and sports, health, housing, city planning, territorial development, and information and culture.

Housing and city planning are to receive the greatest attention with target expenditures of 78.6 billion francs, compared with 29.7 billion during the Third Plan. Housing investments include funds for low-cost housing (24 billion francs) and moderate-incoming housing (18.4 billion francs). A parastatal agency, the Societe immobiliere du Cameroun, is to build 5,220 housing units. Other major projects will be developed during the next few years.

From the standpoint of city planning, several major operations are to be undertaken during the Fourth Plan period. Projects include urban renewal schemes in Yaounde and the construction of a ring road around Douala. Major investments (11 billion francs) will go to the Societe nationale des eaux du Cameroun (S.N.E.C.) for the construction of urban water distribution systems. The national electricity company, SONEL, is to be allotted 5.4 billion francs for the upgrading of the country's electrical distribution network. Several map survey programs are to be conducted.

Many projects have been approved in the field of health. Some 8 billion francs (about $32 million) have been allocated. Projects which may be of interest to American contractors and suppliers include: construction and equipping of 15 provincial and departmental hospitals (2.9 billion francs), the expansion of 28 existing hospitals and additional equipping of 40 departmental and district hospitals (1.1 billion francs), plus numerous programs for the construction, equipping, development and conversion of elementary and developed health centers, preventive medical centers and infant and maternity care centers. A total of 1.1 billion francs is earmarked for the fight against communicable disease. Overall the Plan calls for a doubling of health care personnel from 5,004 in 1976 to 10,261 in 1981, including an increase in the number of doctors from 340 to 640.

Education training and employment projects are scheduled for funding amounting to 33.5 billion francs (about $132 million). Technical and professional training accounts for 45.9% of provisional credits, higher education for 27.9% and general education and training for 26.2%. Best U.S. trade opportunities are likely to exist for scientific and language laboratory equipment, school supplies (chalk, erasers, paper, notebooks), audio-visual equipment, and sports equipment.

Under the category of "information and culture" the Plan calls for 4 billion francs in credits. Radio and television broadcasting are pegged to receive 94.6% of the funds allotted to information (2.8 billion francs). Some 2 billion francs are to be spent on the creation of a national television network. Involved are the construction of four broadcasting centers (Mt. Cameroon, Yaounde, Bertoua and Garoua), construction of an Annex Production Center at Buea, and extension of the network to all the provinces. Radio development plans center on improvements to Radio-Douala and completion of Radio-Bafoussam (430 billion francs). In addition a Monitoring, Measuring and Control Station will be built (300 million francs). In the field of culture, several national and provincial cultural centers and museums are to be established.

Also, some 1.5 billion francs in credits are earmarked for data processing and statistical surveys. A "Data Bank" will be established. Good sales opportunities should exist for American manufactured computers and copying equipment.

### *Transportation and Communication*

**Transportation.**—Since the achievement of independence in 1960, Cameroon has placed great emphasis on the development of an adequate national transportation system. Under the present development Plan, an amount of 156.8 billion CFA francs has been allocated to infrastructure investment, of which 132.6 billion francs (about $525 million) is for transport construction projects (see table 9). In addition, Plan expenditures totaling 39.4 billion CFA francs (about $155 million) are earmarked for the purchase of transport vehicles and equipment.

Road construction and improvement will receive major Plan emphasis. The road network now consists of about 28,000 kilometers of main and secondary roads as well as tracks in the rural areas of which only some 2,500 kilometers are bituminized. Highway projects are to be granted 73.8 billion francs in funds, of which 38.7 billion francs are dependent upon funding for external sources. Some 4.5 billion francs also are to be spent in equipping a National Park of Civil Engineering Equipment which is to contain ultimately 34 tractors, 31 levelers, 44 loading shovels, 45 compactors, as well as 300 other machines performing diverse functions.

A total of 24.2 billion CFA francs has been earmarked for "international connections," including several sections of the Transafrican highway. Under the category of "permanent connections" Douala will be joined to Kekem in the west, to Yaounde and to Kribi by new or redeveloped highways. Many existing roads between provincial centers will be widened and hard-topped. Projects involving railroad connections are slated for 10.7 billion francs and involve essentially road linkages with the Transcameroon Railroad. A total of 8.0 billion francs has been allocated for the construction of or feasibility studies for 20 bridges. An additional program provides 6.2 billion francs for farm-to-market roads. Finally, 4.8 billion francs in credits are proposed for roads to open up new territory.

Appropriations for railroad development are put at 28.0 billion CFA francs (about $110 million). Efforts will concentrate on completion of the major project undertaken in 1975 to upgrade and realign the Douala-Yaounde rail link, as well as replace locomotives and rolling stock. A new Douala Railway Station and Marshalling Yard will also be constructed. Both projects are under the auspices of the state-owned autonomous public agency, the Regie des Chemins de Fer du Cameroun (REGIFERCAM), and are receiving major financial backing from the World Bank Group.

Ports improvement projects are set at 19.4 billion francs (nearly $57 million). At present Cameroon has five ports opened to shipping: the four seaports of Douala-Bonabera, Tiko-Victoria, Kribi and Campo, and the river port of Garoua. Douala-Bonaberi is by far the most important port and accounts for some 90% of total mer-

***Table 9.—Proposed Fourth Plan Investment for Infrastructure and Communications Projects***
(in millions of CFA francs)

| | 1976–77 | 1977–78 | 1978–79 | 1979–80 | 1980–81 | Total | External Financing |
|---|---|---|---|---|---|---|---|
| Ports | 10 396 | 7.256 | 1.428 | 150 | 150 | 19.380 | 15 160 |
| Railroads | 7.900 | 8.600 | 8 150 | 3 050 | 300 | 28.000 | 17 150 |
| Highways & bridges | 21.585 | 18.830 | 10.975 | 11.450 | 10.960 | 73.800 | 38 700 |
| Equipment Park | 2 522 | 518 | 638 | 588 | 234 | 4.500 | 3 254 |
| Aeronautics | 2 000 | 2.620 | 2.745 | 2.635 | 1.350 | 11.350 | 7 950 |
| Weather service | 455 | 346 | 324 | 213 | 250 | 1.588 | 428 |
| Post office | 1.016 | 904 | 465 | 450 | 365 | 3 200 | 315 |
| Telecommunications | 3 429 | 2.968 | 3.264 | 3.489 | 1.850 | 15.000 | 8.964 |
| Total | 49 303 | 42.042 | 27.989 | 22.025 | 15.459 | 156.818 | 91 921 |

Source Cameroon Fourth Five Year Development Plan

chandise traffic; in 1976 Douala's volume came to 2.05 million tons. Plan projects include the Douala-Bonaberi improvement program (18.4 billion francs); studies for a deep water port at Cape Limboh (250 million francs), and expansion and modernization of the ports of Kribi and Campo (536 million and 168 million francs respectively). The port of Douala-Bonaberi project includes: deepening the channel from 5.1 to 9.5 meters, enlarging the wood storage area, the shops and the zone reserved for fishing boats, construction of two new berths and an area for handling containers, building a floating drydock, and providing railroad and highway access. Financing has been provided by the World Bank, France, West Germany, Canada, the African Development Bank, the European Investment Bank, as well as by Cameroonian funds.

Cameroon has 15 airports of which 5 are accessible to jet aircraft. The main international airport is at Douala; it accommodates long-range jets. The airports at Yaounde, Garoua, N'gauondere, and Maroua have been modernized and enlarged and can handle medium-range jets. Cameroon has a semipublic national airline, Cameroon Airlines (CAMAIR). The airline presently has one Boeing 707 for long-range flights, three Boeing 737, two DC4 and one Twin-Otter. The funds earmarked for aeronautical infrastructure (11.35 billion CFA francs) can be broken down as follows: 8.5 billion for the airports at Douala, Yaounde and Garoua whose accommodations for international traffic will be improved, and 2.85 billion for the airports at Batouri, Bafoussan, Bali, Bertoua, Ebolowa, Foumban, Kousseri, Kribi, Nkambe and Yokadouma to improve their facilities for handling domestic traffic.

**Communications.**—During the Third Plan period considerable progress was made in extending and improving Cameroon's domestic and international telecommunications facilities and services; some 17 new telephone centrals were installed and the number of lines increased from 9,000 to 18,000. In addition, a second earth satellite antenna was inaugurated at Zamengoe in May 1976. It currently is leased to the United States for the monitoring of American satellites.

Under the current Plan, projects involving 15.0 billion CFA francs in expenditures (9.0 billion from external sources) are to be implemented by mid-1981. Included are: extension of existing telephone switchboards in 12 cities; installation of automatic switchboards in 11 other cities which will connect to the national network; extension of current transit facilities in Yaounde, Douala and Buea; extension of existing microwave relay stations so as to increase capacity, particularly with regard to the Central African Empire and Chad; establishment of new microwave relays (with over 120 channels) toward the west and south, with connections to Gabon; connection of secondary systems with the national network; establishment of a coaxial connection between the Yaounde-Douala line. The creation of television and gentex facilities are a possibility. The Graduate School of Posts and Telecommunications in Yaounde will be further equipped and monies devoted to the construction and equipping of a maritime radio communications laboratory.

Purchases of transport vehicles and equipment will include marine transport outlays of $14.1 billion francs, primarily for an increase by 1980–81 of from two to seven in the number of ships owned directly by the national shipping agency, CAMSHIPLINES. Railway transport expenditures are estimated at 13.0 billion francs for the upgrading of REGIFERCAM's rolling stock. Aircraft and miscellaneous avionics equipment purchases are placed at 5.9 billion francs (about $23.5 billion); in late 1976 Cameroon bought two Lockheed C-130 aircraft for approximately $19.5 million. Finally, the state public transport agency, SOTUC (Societe des transports urbains du Cameroon) is pegged to receive 1.57 billion francs in public funds, primarily to acquire 100 city buses (probably from Renault-Saviem, which has a partial interest in the organization).

Good sales opportunities also exist for transport vehicles to the private sector in Cameroon. In 1975 the registration of passenger cars and commercial vehicles (vans and trucks) amounted to 56,000 and 27,000 units respectively. Only about 100 units were of U.S. manufacture. Virtually all transport vehicles are imported: a plant in Douala assembles 250 British Land Rovers annually. There is a large unsatisfied demand for American vehicles which should grow with the expansion of the economy during the next few years. General Motors has recently established a sales network within the country.

### *Development Assistance*

Cameroon has been able to attract a large and diversified pool of foreign assistance since independence. Bilateral development aid and resources from multilateral agencies totaled $134.29 million in 1975. Funds from the same sources amounted to $429.41 million between 1972–75. Since 1967 the World Bank and its subsidiary, International Development Agency (IDA), have become increasingly important, with loans amounting to $245.6 million approved



to date. The European Development Fund, United Nations Development Program, and African Development Bank have also been important sources of multilateral assistance. Bilateral assistance has come principally from France, West Germany, and the United States, as well as from other countries of Western Europe, Canada and the Organization of Petroleum Exporting Countries (OPEC). In early 1973 a long-term credit of over $80 million from the People's Republic of China was announced.

The United States has provided $40.7 million in economic assistance since Cameroonian independence in 1960 under its bilateral aid program (through FY 1976) and has assisted Cameroon through the Agency for International Development's Central and West African Regional program. Major projects receiving U.S. assistance have been the Trans-Cameroon Railway, the Kumba-Mamfe Road, and the University Center for Health Services in Yaounde. Total U.S. assistance in FY 1978 is projected at $10.6 million, subsequent to an appropriation of $2.862 million during the current fiscal year. U.S. Export-Import Bank (Eximbank) loans amounted to almost $39 million by the end of 1975. The United States also has had a modest Food for Peace program ($2 million in FY 1977) and currently maintains a Peace Corps program with about 93 volunteers.

## Trade regulations

### *General Information*

**Trade Policy.**—Cameroon is a member of the Central African Customs and Economic Union (UDEAC) established by a treaty signed on December 4, 1964. The other UDEAC members at present include the Central African Empire, the People's Republic of the Congo (Brazzaville), and the Republic of Gabon. The Republic of Chad has applied for membership. UDEAC provides for a common external customs tariff (CXT) and for the harmonization of member states' customs regulations with respect to external trading partners. For a number of years within UDEAC, the tariff structure was discriminatory as regards the customs duty on goods originating outside the French franc zone and the European Economic Community (EEC). Imports from the EEC countries entered the country customs-duty free as a result of the Yaounde Convention of Association signed in 1968 between the then 6 EEC member states and 18 African and Indian Ocean countreis. On January 1, 1976 the UDEAC countries, including Cameroon, abolished "reverse preferences" for imports from the EEC, thus equalizing the duties applied to imports from the United States and making American products more price competitive.

Cameroonian import policy is aimed at the encouragement of imports essential to the stable direction and development of the economy. Through a system of graduated rates the importation of luxury consumer items is discouraged in favor of commodities such as foodstuffs, industrial raw materials, machinery and equipment. In addition import policy is structured to provide some measure of protection for developing and established domestic industries.

In connection with payment for imports, foreign exchange controls do not apply to France or any country whose bank of issue is linked with the French treasury by an Operations Account. All other countries, including the United States, are subject to exchange controls. The Directorate of Economic Controls in the Ministry of Finance administers the controls. Exchange regulations are not considered bothersome, and the Directorate usually promptly approves justifiable transactions.

**Currency.**—The basic unit of currency in Cameroon is the African Financial Community franc or CFA franc. The CFA franc is officially maintained at 50 CFA francs per French franc. The exchange rate of the CFA franc vis-a-vis the U.S. dollar depreciated during 1976. In July 1977 the rate of exchange approximated 240 CFA francs = US$1.

**Technical Standards.**—The metric system is the official standard of weights and measures. The standard electric current used in Cameroon is A.C., 50 cycle, 220/380 volt but there are regional variations from this norm. Electrical and telecommunications apparatus generally require European standards.

**Language.**—Although English and French are Cameroon's two official languages, French is far more frequently used in commerce and government. Only in those portions of Western Cameroon where Britain formerly ruled is English commonly spoken. All correspondence as a general rule should be written in French. Shipping documentation should also be prepared in French to expedite handling of formalities.

### *Duties and Taxes on Imports*

**Tariff Structure.**—Cameroon has two basic import charges: (1) fiscal duty which averages between 10% and 30%, although on certain lux-

ury items it may range as high as 100%; and (2) customs duty which averages between 5% and 15%. All goods imported from non-UDEAC must pay both charges. Other taxes, fees, and surcharges, all of which apply equally to imports from any country, include the following: (a) entry fee, (b) turnover tax on imports, (c) complementary import tax, (d) equalization tax on sugar imports, (e) special fee on postal and border imports, and (f) variable levy on sugar imports from outside francophone Africa. All of the above are part of the UDEAC general tariff schedule. Additional taxes and fees applicable only in Cameroon include: (1) a consumption tax, (2) an unloading tax, (3) a municipal tax, (4) a meat trade tax, (5) a veterinary tax, (6) a sanitation control fee and (7) a special tax on gasoline.

Most of the duties are ad valorem rates, assessed on the wholesale market value of the goods in the country of origin plus all costs and expenses incurred up to the time of their arrival in a Cameroonian port. For imported goods chargeable with duty by weight (i.e. specific), the duty is levied on the net weight unless otherwise specified in the tariff. Import duties on ad valorem goods and other taxes are based on c.i.f. (cost, insurance, freight) values. Cameroon uses the Brussels Tariff Nomenclature (BTN) for classifying products.

Information regarding Cameroon's duties applicable to specific products may be obtained free of charge from the African Area, OIM/BIC, U.S. Department of Commerce, or any Commerce District Office. Inquireis should contain a complete product description, including BTN, SITC or U.S. Schedule B Export Commodity Numbers, if known.

### *Other Trade Regulations*

Imports are divided into two categories—"free" and "regulated." Most imported items have been placed in the "free" category. Regulated imports are designed to protect domestic industries. Authorization for their importation is required from the Ministry of Economic Affairs and Planning. Approximately 85 items fall into the regulated category. Included are such products as meats and meat byproducts, poultry, fish, roasted coffee, tea, rice, flour, tobacco, ethyl alcohol, hydraulic cement, fertilizers, paint, certain cosmetics, soap, disinfectants, insecticides, fungicides, herbicides, some household items, cotton textiles, jute bags, certain types of footwear, certain agricultural tools and machinery, radios and parts for tape recorders, and certain pieces of furniture.

Import licenses are required for all goods valued over CFAF 500,000 (about $2,000) regardless of their country of origin and import category. The validity of the license is usually 4 months for certain food products and (usually) 6 months for industrial goods, although in both instances one 2-month extension may be granted upon presentation of valid reasons. A 2% tolerance of the value of the license is allowed but under no circumstances can the tolerance exceed US$40.00. Import licenses permit importers to obtain the necessary foreign exchange, provided shipping documents are submitted to an authorized bank. Import licenses are only issued to importers authorized by the Ministry of Economic Affairs and Planning.

**Nontariff Trade Barriers.**—The Ministry of Economy and Plan decreed (Circular 31/MINEP/DC/SDCE of early 1976) that all imports of textile materials must obtain prior authorization from the Ministry, whatever the value of the order. Each application for the authority must be supported by an attestation from the local textile firms CICAM and SYNTHECAM, that neither is able to delivery the quantity and quality of materials required within a reasonable period.

Embargoes are placed on only two items: used clothing and "hunting lamps" (used by illegal animal poachers). Certain special authorization and health inspection certifications are required for the importation of some products, but none are considered unduly bothersome. Neither consular certificates nor import deposits are required from importers. No commodities are known to be subject to tariff quotas. There are no requirements concerning the purchase of goods of a sensitive nature (i.e. military or telecommunications equipment) from specified sources. Local content restrictions are applicable only to the processing of certain domestic raw materials, such as cocoa and palm oil.

### *Special Customs Provisions*

***Shipping Documents.***—Documents required by Cameroonian customs officials on shipments from the United States include the commercial invoice, the bill of lading (or air waybill), and in special circumstances a certificate of origin and certain sanitary certificates. Shipping marks and numbers on bills of lading should correspond exactly with those on the invoices and on the goods. Three copies of invoices are requested for surface shipments and four copies for air shipment.

**Marking, Labeling and Packaging.**—All cartons, cases, crates, and packages containing American-produced merchandise must bear marking identifying the United States as the country of origin before it will be allowed to enter Cameroon. The marking must be legibly and indelibly written in French. Acceptable marks are: "Importe des Etats-Unis d'Amerique", "Fabrique aux Etats - Unis d'Amerique" (i.e., "Imported from the United States" or "Made in the U.S.A." respectively). Marks of origin are also required on the labels of products exported to Cameroon. These can be either in English or French. All indications must be stamped in raised or sunken letters of at least 4 millimeters on the center of the bottom or top of the container, where no other inscription appears. The same indication of origin should appear on cases and packages. There are no special regulations on packaging, but goods shipped to Cameroon should be securely padded to withstand tropical heat, moisture, pests, rough handling, and pilferage. Importers recommend that American shippers should avoid thin cardboard or plywood contains because they are easily broken into and readily damaged if exposed to weather. Most goods entering Cameroon by sea must be further transported by rail or truck. To ensure safe arrival at destination, all packages should be of sturdy construction; properly supported, preferably on the inside; and banded on the outside by steel strapping.

Senate Concurrent Resolution 40, adopted July 30, 1953, invites U.S. exporters to inscribe, insofar as practicable, on the external shipping containers in indelible print of suitable size: United States of America. Although such a marking is not compulsory under law, U.S. shippers are urged to cooperate in this publicizing of American-made goods.

**Entry and Warehousing of Goods.**—Goods entering in transit are allowed to pass through Cameroon under security bond. They may be kept in storage for 1 year after the date of landing without having to pay import duty. Storage charges, which increase at stipulated intervals, are assessed for the period the goods remain in Cameroon.

Goods intended for use within Cameroon may be stored at the port free of charge for a maximum period of 5 days. During this time importers are requested to present to customs authorities all the documents necessary for the release of the merchandise. All goods not retrieved within 30 days after the date of landing are subject to confiscation and may be sold at public auction.

**Compulsory Insurance of Imports.**—Decree 76/334 of August 6, 1976 states that in the future all imported goods with a f.o.b. value of over 500,000 CFAF must be insured through local companies in Cameroon. Also, it will not be possible to take out a policy of only Free of Particular Average in Cameroon and then insure for all risks cover with a company operating outside the territory. It should also be noted that an import license will only be issued upon production of a valid insurance certificate from the local company.

**Air Shipments.**—Shipments by air cargo to Cameroon require the same documentation as those arriving by air freight and are subject to regulations applicable to shipments by vessel. In addition, copies of the air waybill are required on such shipments, as well as the other required documents. For shipments by air cargo the shipping documents should either accompany the goods or be attached to the consignment notes and air mailed separately. Five international airlines, including Pan American, now offer regular air cargo services from the United States, to Douala, Cameroon.

**Samples and Advertising Material.**—Samples and advertising material that have no commercial value may be entered free of duty. Samples with commercial value may be admitted free of duty under security deposit or bond for a period of up to 1 year. Advertising materials with commercial value are subject to duty payments.

## Selling in Cameroon

### *Distribution Centers*

The estimated population of Cameroon was 7.2 million at the end of 1976, with about 25% of the population located in urban areas. The annual rate of increase in recent years has been estimated at 2.2%. In 1976 the largest cities were Yaounde (the capital) with a population of 250,000 and Douala (the main commercial center) with a population of 400,000, but rapid urbanization was occurring as well in many provincial centers. The heaviest concentrations of population are found around Douala, Yaounde, the Western Province, and the Maroua-Garoua area of the Northern Province. Population densities per square mile range from less than 15 in the Eastern Province to over 200 in the Western Province. In addition to Douala and Yaounde, towns with over 35,000 in 1976 included Ngoundere, Nkongsamba, Victoria, Kumba, Maroua, Foumban, Bamenda and Garoua.

The Cameroonian distribution system is both traditional and modern. In the modern sector distribution is handled for the most part by large trading companies that cover all aspects of selling from importing to retailing. The larger

wholesaling firms include: Compagnie Francaise de l'Ouest Africain (CFAO), Compagnie Soudainaise, Hamelle Afrique, Paterson, Zachonis and Co., (P.Z.), S.H.O.—Cameroun, Societe Commerciale de l'Ouest Africain (SCOA), and Union Trading Cameroon (U.T.C.).

Several of the import houses, especially those dealing in consumer items, have set up stores and supermarkets which retail groceries, liquors, household hardware, and clothing. Other firms have retained the older practice of a clerk taking orders from customers for a wide range of merchandise.

**Forms of Representation.**—The specific type of representation which a U.S. firm might establish in Cameroon should conform to the marketing requirements of the product to be sold. The principal means are: employing the services of an agent; utilizing a distributorship or dealer, and establishing a direct sales branch or subsidiary.

Agents are also exclusively used for the distribution of a wide range of both durable and nondurable consumer goods and for some industrial raw materials. This form of representation may be particularly appropriate for highly competitive products appealing to a specialized market.

In appointing an exclusive representative in Cameroon, the U.S. exporter is legally entitled to certain exemptions from U.S. antitrust laws. The Webb-Pomerene Act allows a limited exemption from antitrust laws for direct exports by allowing exporters to agree on prices, sales terms, territorial division, and other activities in export trade which would be prohibited in U.S. domestic commerce. More information on the Webb-Pomerene Act is available from the Foreign Business Practices Divison, Office of International Finance and Investment, U.S. Department of Commerce, Washington, D.C. 20230.

Consumer goods requiring maintenance of stocks and industrial equipments and building materials are often exported to Cameroon through established wholesalers appointed by distributors. The prospective distributor should be willing to carry a sufficient parts supply and maintain adequate facilities and personnel to perform all normal servicing operations. An efficient servicing capability is a virtual prerequisite for selling machinery in tropical Africa. American companies are urged to monitor closely the performance of their dealers, who have a tendency to let things slide with few or falling sales frequently the result. Another method of representation for an American firm selling in Cameroon is to establish a branch office or sales subsidiary. This method is particularly appropriate where a lucrative established market exists for a product and where maintenance service or frequent contacts with government are essential.

### *Credit*

Cameroon is a member of the French franc zone. Together with the Central African Republic, Chad, the Congo and Gabon, it shares a common currency, the CFA franc, issued by a common central bank, the *Banque des Etats de l'Afrique Centrale* (BEAC).

Apart from the BEAC, the banking system of Cameroon comprises five commercial banks (see Appendix A for names, addresses and American correspondents of Cameroonian commercial banks), and a development bank, the Banque Camerounaise de Developpement (BCD). Other financial institutions that perform some banking functions are a national investment corporation, the Societe Nationale d'Investissement (SNI), the Treasury, the Postal Checking System, the Post Office Savings Bank, the French Caisse Centrale de Cooperation Economique (CCCE), the Cameroon Automobile Credit Company, the Cameroon Insurance and Reinsurance Company (SOCAR, and the National Rural Development Fund (FONADER).

Credit to the private sector in Cameroon is characterized by market seasonal swings, which are associated mainly with the requirements of crop financing. Credit is at a seasonal low in September, immediately prior to the harvesting of crops, and reaches a seasonal peak in March. Underlying these short-term variations is a steady upward trend, reflecting the long-term expansion of the Cameroonian economy and the accompanying increase in the demand for and supply of loanable funds, which has been strongly reinforced in recent years by the multiplier effects of expansionary fiscal policies.

Commercial banks provide about 85% of all short-term credit, with the balance being extended by the BCD, which participates with commercial banks in financing the principal export crops and imports. Medium-term credit is extended both by commercial banks and by the BCD, while long-term credit is provided only by the BCD. In general the proportion of medium- and long-term credit in total private sector credit remains small, though improving.

Commercial banks lending rates for rediscountable credit are based on those charged by the BEAC, to which specific margins are added. This results in lending rates ranging from 8.5 to 10.5%, or some 2-4.5 percentage points above the relevant rediscount rates. A 1% credit tax has been assessed since September 1973 on commercial credit transactions. Companies which are financially sound according to central bank criteria, semipublic corporations, and enterprises which are considered important from a national viewpoint can benefit from preferential rates. Credit is also obtainable from the U.S. Export-Import Bank. The Foreign Credit Insurance Association in the United States offers a full range of loans and credit insurance for exports of U.S. products to Cameroon.

Many larger importing firms and local manufacturers extend credit for short periods to well-known customers, but such transactions are carefully monitored and usually are made with well-established retailers or semiwholesalers.

To assist U.S. exporters in formulating sound credit policies applicable to local markets, credit information on individual Cameroonian firms is available from the *World Traders Data Reports* (Export Information Service, U.S. Department of Commerce). Other sources of credit information include the Foreign Credit Interchange Bureau, National Association of Credit Management, 229 Fourth Avenue, New York, New York 10003; American Foreign Credit Underwriters Corp., 253 Broadway, New York, New York 10007; and Dun and Bradstreet, Inc., 99 Church Street, New York, New York 10007.

### *Government Procurement*

The Cameroonian Government has no centralized purchasing agency but there is an arrangement whereby important purchases are subject to Finance Ministry review. Those financed by foreign aid are reviewed also by the Ministry of Economy and Planning. Initial selection of purchases is in all cases under the control of the operating ministries and authorities. They normally order from local representatives or foreign sources with which they are familiar, which often means French suppliers. However, there is a growing interest in investigating American sources of supply. Occasionally international calls-for-bids are issued (such as is the case for purchases financed by the World Bank). This is particularly true for large-scale projects.

Bids are published in newspapers and the Cameroon News Agency (ACAP) daily bulletin. The Commercial Attache at the American Embassy in Yaounde also watches all announcements of bids and reports them to the U.S. Department of Commerce. Bid specifications are usually based on those in use in France. American firms seriously interested in supplying equipment, materials, or services to the Cameroon Government or to semipublic corporations will require reliable representation.

### *Market Research and Trade Organizations*

There are no specialized market research firms operating in Cameroon. Cameroonian banks may provide assistance on market research, and these services are frequently available in the United States through correspondent arrangements. Use may be made of the United States Information Service commercial service library in Douala. Local support for market research projects may be obtained through the Chamber of Commerce, Industry and Mines, B.P. 4011, and the Chamber of Agriculture, Livestock Production and Forests, B.P. 20, both in Douala.

The Government publishes economic data which can provide valuable assistance to the U.S. exporter in formulating a market plan. The best available statistical sources are the Bulletin Mensuel de Statistique, and other statistical publications issued by the Direction de la Statistique et de la Compatabilite National, Ministre du Plan, B.P. 660, in Yaounde. The annual subscription cost for the Bulletin is 3,000 CFA francs. Another valuable aid in marketing is the *Annuaire National* (National Year Book) issued every year by the Editions Les Quarte Points Cardinaux, B.P. 582, Douala.

### *Marketing Aids*

**Advertising Media.**—Advertising is available in Cameroon in almost any medium-newspapers and magazines, billboards and neon signs, by slides and short films in local movie houses, over the radio network, via local exhibitons and displays, and through direct mail. To be fully effective the advice of local specialists should be sought before embarking on a publicity campaign.

**Printing Materials.**—There are three daily newspapers published in Cameroon, one in French, with a weekly English edition, and two in English. The largest, the semigovernment Cameroun Tribune, is published in Yaounde and has a circulation of 13,000. The other dailies are the Victoria-based Cameroon Outlook and Cameroon Times. There are six weekly newspapers, all of which are published in Yaounde. Each lists a circulation of less than 6,000, and all are distributed almost exclusively in the French-speaking regions of the country. Advertising in these papers is inexpensive. Several Europe-based magazines enjoy a wide circulation, including *Bingo, Paris Match, Jeune Afrique, La Vie Africaine, West Africa,* as well as the European edition of *Time Magazine* and *Newsweek*. Most Cameroonian businessmen also read some or all of the several important business journals which carry advertising. These

publications include *Marches Tropicaux et Mediterraneens*, *Bulletin de l'Afrique Noire*, *Moniteur Africain du Commerce et de l'Industrie*, *Afrique Industrie Infrastructure*, *African Development* and *Modern Africa*.

## Investment In Cameroon

### *The Investment Climate*

U.S. Investment.—Foreign investment in Cameroon was valued at close to $350 million in 1976. American investment is estimated to be about $25 million. Over 50 U.S. firms are operating whollyowned subsidiaries or are partners with other firms and the Government of Cameroon in manufacturing, construction, fishing, tourism, banking, transportation, pharmaceuticals, communications, and petroleum exploration. These include General Telephone and Electronics, Standard Oil of New Jersey, Kaiser Aluminum, General Mills, Abbott Laboratories, Sharaton Hotels, Caterpillar, Mobil Oil, Texaco, Oceanic Petroleum, Morgan Guaranty, Banks Trust, and the Bank of America. Further American investments are foreseen which could substantially increase the present total U.S. investment.

### *Government Policy on Foreign Investment*

The Government actively encourages private foreign investment in projects which contribute to Cameroon's general economic development. An Investment Code promulgated in 1960 and revised in April 1964 and June 1966 establishes four categories of fiscal and other benefits which may be granted to both foreign and domestic firms undertaking approved new industrial or agricultural projects in Cameroon. The scope and duration of the benefits vary depending on the size of the investment, the extent to which it helps implement the economic and social development plan, and its importance to national economic growth.

Category A permits mainly duty-free entry of capital goods and raw materials required for manufacturing and processing. Firms benefit from a single tax system and the total exemption of this tax for the first 3 years of operation. A 10-year exemption from any new import or export duty is granted and the code provides for the automatic benefit of any other favorable provisions which may be adopted by Cameroon tax legislation.

Under Category B firms are automatically entitled to the benefits of Category A and also to exemption for 5 years from the tax on industrial and commercial profits and from various other taxes and fees.

Under Category C, large companies may conclude an "establishment agreement" with the Government, under which special conditions for the operations of the company are agreed upon and the nature and extent of the tax concessions are determined. Normally, an "establishment agreement" is valid for 25 years and defines also the legal, economic, and financial guarantees granted to the company, including the assurance of stable conditions for financial transfers and the marketing of goods. Guarantees are offered by the Government in the field of financial transfers and the marketing of goods, as well as to the entry and movement of personnel, the free choice of suppliers of goods and services, and it also guarantees, where necessary, the renewal of forestry and mining operating permits.

Category D grants to firms making investments of particular significance to the national economy the benefits of Category C, as well as a guarantee of stability of taxation for up to 25 years. Any enterprise benefiting from the tax stability scheme may apply to receive the benefit of such changes as may be made to the normal tax system.

Although Cameroon has no specific legislation limiting the degree of foreign participation in investment enterprises, the Government encourages joint venture projects with state-controlled agencies or with Cameroonian nationals. Almost all undertakings are done on this basis.

Foreign direct investments in Cameroon, including those made by companies in Cameroon that are directly or indirectly under foreign control and those made by branches or subsidiaries in Cameroon of foreign companies, require prior declaration to the Minister of Finance, unless they take the form of a capital increase resulting from reinvestment of undistributed profits. The Minister has 2 months from receipt of the declaration during which time he may request the postponement of the projects submitted to him. The full or partial liquidation of direct investments in Cameroon requires only reporting *ex post facto* to the Minister of Finance, unless the operation involves the relinquishing of a participation that had previously been approved as constituting the making of a direct investment in Cameroon. A direct investment is defined as any investment implying control of a company or enterprise. Mere participation is not considered as direct investment, provided that it does not exceed 20% of the capital of a company whose shares are quoted on a stock exchange.

**International Agreements.**—Cameroon is a signatory of the Convention of the Settlement of Investment Disputes between States and Nationals of other States, which has also been ratified by the investment insurance services of the U.S. Overseas Private Investment Corporation (OPIC) to U.S. investors approved by the Government of Cameroon.

### *Industrial Property and Copyright Protection*

**Patents and Trademarks.**—Cameroon is a member of the Office Africain et Malagache de la Propriete Industrielle (OAMPI). This organization estabishes a common system for obtaining and maintaining protection for patents, trademarks and industrial designs among its member states (Central African Empire, Dahomey, Gabon, Cameroon, Ivory Coast, Niger, Rwanda, Senegal, Togo, Upper Volta, Mauritania).

Cameroon is also a member of the "Paris Union International Industrial Property Convention" (patents, trademarks). U.S. nationals are entitled to national (i.e. equal ) treatment in Cameroon in maintaining their patent and trademark rights. They also are entitled to certain special privileges such as a 1 year preservation of patent filing rights after the first filing in the United States (6 months for trademarks) and protection against arbitrary cancellation of patents and trademarks for non-use. Invention and design patents as well as trademarks are valid for 20 years in Cameroon.

**Copyright.**—Cameroon is a party to the Universal Copyright Convention (UCC) to which the United States also adheres. American authors get automatic copyright protection in other UCC countries for works first published in the United States.

Further general information on industrial property and copyright protection may be obtained from the Foreign Business Practices Division, International Economic Policy and Research, U.S. Department of Commerce, Washington, D.C. 20230. Information relating to step-by-step procedures on fees, documents, etc., however should be secured by consulting legal counsel.

### *Business Organizations*

**Types of Organizations.**—Foreign investors have two legal forms available to them when operating in Cameroon: (a) a branch, which is not considered a separate legal entity, or (b) a Cameroon company, by either participating in an existing firm or establishing a new one. The forms of business organization to be found in Cameroon are the sole proprietorship (commerce par les interesses); the partnership (societe en non collectif); the limited liability joint-stock company (societe a responsabilite limitee) and the corporation (societe anonyme). Cameroonian requirements for organizing a business enterprise closely follows French practice. Information relating to procedures for setting up a business should be secured by consulting legal counsel.

### *Taxation*

A. Taxes on Incomes and Profits
  1. Taxes on companies
    a. Company tax.—An annual tax on net income and profits accrued during the corresponding fiscal year (July 1 to June 30) by companies, i.e., joint stock companies, cooperative societies, public bodies or establishments. Nonresident companies are taxed on their income from sources within Cameroon. Returns are filed by October 31, following the taxable period, and payable in three equal installments (October 31, January 31, and April 30). The basic rate is 36.3%. A tax credit is granted for half the amount reinvested up to a maximum of 50% of the profits. There is a 10% additional levy on banking profits earmarked for a special fund in the Cameroon Development Bank. Depreciations range from 5 to 50%. Business losses may be carried over for 3 years. A tax credit is granted for withholdings (15%) on corporate income from securities. A lump-sum deduction is allowed on intercorporate dividends for companies participating at least by 25% in the capital of the subsidiary firms, provided both firms have their registered office in a UDEAC state.
    b. Minimum tax on companies.—This is levied as repayment of company tax but no refund is made. It is based on sales turnover of the previous year. The rate is 1% on turnover with a minimum payment of CFAF 400,000. The tax credit provisions for reinvestments are the same as for companies. Exemptions include companies enjoying tax holidays under the Investment Code, newly established companies (for the first 5 years only), and companies exporting agricultural products (excluding forestry goods, fish, and processed agricultural products).
  2. Individual income tax
    a. Proportional tax on individual income.—Payable by all individuals domiciled in Cameroon on their income derived within the country. Nonresident individuals are

liable to tax on their income obtained from sources located in Cameroon. Rates are 22% on commercial and industrial profits and professional earnings, 3% on wages, salaries, pensions, and annuities, 20% on real property income, 15% on income, 15% on income from securities and agricultural income. Tax credit rules for reinvestments are the same as for companies. A 20% deduction is allowed from wages, salaries, pensions, and annuities.

b. Graduated surtax on individual income.—This is levied on total individual income received or accrued from all sources. The tax is withheld on wages and salaries of CFAF 5,000 or more per month. Rates are progressive ranging from 10% on annual incomes of between 200,000 - 350,000 CFA to 45% on incomes over 3,000,000 CFAF per year. Interest on loans and debts, taxes paid during the previous year (with the exception of the graduated surtax), contributions to pension schemes and National Insurance Funds are deductible.

B. Social Security Contributions

1. Employers' Contributions

a. Employers' social security contributions for workers.—Covers: (1) family allowances, (2) work accidents and occupational diseases, (3) retirement, old age, disability, and death. The cost of the family allowance fund for employers with workers in the agricultural sector is 5.65%; otherwise it is 7% of the salary of those on payroll to a maximum of CFAF 1,200,000. Employer contributions for work accidents and occupational diseases range from 1.5% to 15% without any ceiling. Retirement, old age, disability, and death contributions total 4.20% on payroll with an annual maximum of CFAF 1,200,000 per person.

b. State Contribution to the Retirement Fund.—The rate is 12% of total payroll.

C. Employer's Payroll Taxes

1. Apprenticeship tax

a. A tax levied on gross amounts of salaries, wages, and other benefits in cash or in kind paid to apprentices. The rate is 0.3%. A tax credit is granted for specified payments.

D. Taxes on Property

1. Company property

a. Tax on company capital.—a tax levied on statutory capital plus the debenture capital of resident companies; and on a fraction of statutory capital of nonresident companies. Rates range from 0.5 to 1.5%.

2. Real estate

a. Property transfer taxes.—A tax levied on transfers of property and charged on the value stated in the contract. Rates vary between 4% and 15% depending on the type of property involved.

E. Taxes on Goods and Services

1. General sales, turnover, or value added taxes

a. Internal turnover tax.—A tax levied on gross receipts from the sale of goods and services. The general rate is 8%. A reduced rate of 4% applies to handicraft production, transport operations, interest on agricultural and real estate credits. A 10% surcharge is levied on behalf of local governments. Exemptions include goods subject to the taxe unique (see below) export goods, and agricultural, forestry, stock-raising and fishing produce.

2. Selective excises on goods and services

a. Taxe unique.—A production tax established under a special regime and levied on factory value of selected products exportable to UDEAC countries (manufactured at present by some 54 enterprises operating in Cameroon). It replaces import duties and other taxes on all materials used in the manufacturing as well as on the final product itself. Revenues accrue to the Treasury of the destination country within UDEAC. Rates are determined by UDEAC, and they vary according to each commodity. Examples are cotton fabrics (7%), paints (12%), shoes (33%).

b. Domestic production tax.—A tax levied at the factory level on selected products manufactured by the enterprises with a special regime and sold predominately in Cameroon; based on the same principles as the taxe unique. Rates are similar to those of the taxe unique, and vary depending on commodity, between 2% and 35%. Exemptions include goods exported to other UDEAC member countries.

c. Special tax on insurance premiums.—A tax levied on premiums collected by insurance companies. Rates vary between 4% and 15%, depending on the types of insurance policy.

d. Tax on credit balances.—A tax levied on credits outstanding granted by financial institutions. The rate is 1%.

3. Taxes on Use of Goods and Property



a. Business license tax.—An annual tax levied on enterprises engaged in industrial, commercial, and professional activities. Businesses are divided into Table A and B. Table A covers 15 groups of business for which fees are further differentiated according to three various regions. Fees range from CFAF 2,000 to CFAF 400,000 per annum. Table B comprises a fixed fee ranging from CFAF 2,000 to CFAF 45,000 per annum, and a variable fee depending on the number of workers employed or machines used.

b. Motor vehicle tax.—Levied annually on motor vehicles. The rates are CFAF 1,000 per horsepower, with a minimum CFAF 2,000 per vehicle and CFAF 1,000 per motorcycle. A half rate applies to tractors used in agriculture, forestry, and public works and to all other vehicles more than 5 years old.

4. Export Duties

a. Export duty.—A tax levied on f.o.b. value of export goods; often the value is determined by the Government (valeurs mercuriales). Rates vary between 2% and 40%. Small additional levies are also placed on certain export goods, such as coffee, cocoa, cotton and peanuts.

**Avoidance of Duplicate Taxes.**—The United States and Cameroon have not concluded a tax treaty with each other. Under U.S. law, however, American companies operating in Cameroon may claim a credit against U.S. taxes for such taxes paid to Cameroon.

### *Employment*

**Labor Force.**—There are estimated 4 million people in the labor force. The latest offical estimates (for 1970) concluded that the number of permanent wage earners was 455,000, of which about 208,000 were employed in public administration and related activities and another 247,000 in the private modern sector of the economy. Of those employed in the modern sector, about 70% consisted of unskilled labor and 30% of skilled labor, management personnel and technicians.

***Table 12.—Cameroon: Structure of Minimum Salaries, 1973–76***

(In CFA francs per month)

| | 1973 | 1974 | 1976 |
|---|---|---|---|
| Public sector | | | |
| Zone I | 7,470 | 8,590 | 9,620 |
| Zone II | 6,033 | 6,938 | 7,770 |
| Zone III | 4,788 | 5,506 | 6,166 |
| Private sector | | | |
| Zone I | | | |
| Primary | 6,930 | 8,177 | 9,401 |
| Secondary and tertiary I | 8,200 | 9,676 | 11,127 |
| Tertiary II | 9,460 | 11,162 | 12,836 |
| Zone | | | |
| Primary | 5,874 | 6,931 | 7,762 |
| Secondary and tertiary I | 6,622 | 7,813 | 8,984 |
| Tertiary II | 7,639 | 9,014 | 10,366 |
| Zone III | | | |
| Primary | 7,742 | 5,595 | 6,602 |
| Secondary and tertiary I | 5,258 | 6,204 | 7,320 |
| Tertiary II | 6,061 | 7,151 | 8,438 |

Three fourths of the manpower employed in skilled occupations is found either along the coast in Littoral and Southwestern Provinces or in the region between Yaunde and Nkongsamba. Manpower for modern enterprises is usually to be found in this area, particularly in Yaounde and Douala, but technical qualifications are often minimal and on-the-job training is required.

**Payments and Benefits.**—Minimum wage rates are guaranteed by law to all workers in Cameroon. In recent years there have been three wage and salary increases as well as some modifications in their structure, namely in September 1973, July 1974, and January 1976. Until most recently, the system of guaranteed minimum wage rates consisted of the Salarie Minimum Agricole Garanti (SMAG), which applied to agricultural workers, and the Salarie Minimum Interprofessional Garanti (SMIG), which applied to all other workers.

For purposes of wage regulation, Cameroon is divided into three zones: Zone I is composed of the cities of Douala, Yaounde, Edea and Buea; Zone II consists of small towns and the Wouri region; and Zone III covers the rest of the country. Minimum wage rates vary according to each zone, which is designed to group towns and cities with comparable cost of living levels. (see table 12). The minimum wage rate is based on a representative budget for an unskilled single worker. In addition, workers with families receive an allowance of CFAF 700 per month per child up to six children. Wage rates for most employed workers exceed the minimum. An employer's additional cost per worker for family allowance and retirement contributions is equivalent to about 11.2% of the basic wage.

Actual wages in many sectors are governed by collective agreements which are negotiated under the auspices of a National Joint Collective Agreements and Wages Board. Relationships between employers, and employees are governed by Law No. 74-14 of November 27, 1974 instituting a new general labor code. The Labor Code generally follows the old code (Law No. 67-LF-6 of June 12, 1967) but allows for tighter controls on the length of expatriate labor contracts, more specifically defined procedures for termination of workers, broader employees'

rights of wages and benefits, and more generous maternity and annual leave benefits. The Government's hand in labor disputes is also strengthened through its ability in the new law to levy fines of from 3,000 to 30,000 CFAF (about $15 to $150) on illegally striking workers.

**Employment of Aliens.**—There is no Cameroonian law or regulation against the employment of aliens. Modifications, however, have been made in the new labor code to limit expatriate work contracts, in keeping with practices already introduced in some sectors of the economy. According to the new law, specified-duration work contracts shall not exceed 2 years. Formerly, a worker could obtain a contract up to 3 years.

Specified-duration contracts coverted into unspecified-duration contracts have also been modified for expatriates. An alien to renew his previous contract now must obtain the approval of the Minister of Employment and Social Insurance. General control of expatriate employment is exercised through the granting and withholding of work permits. Few non-nationals remain in the public service while a considerable demand still exists in the private sector for foreign personnel offering special technical skills.

## Guidance for the Business Traveler

### *Correspondence and Communications*

Both French and English are official languages in Cameroon, but the former is the preferred instrument for commercial, government and social exchange. A working knowledge of French is essential to engage competently in business activity within Cameroon. Business correspondence is ordinarily conducted by means of airmail letters, which arrive from the United States twice a week. Transit time usually is between 4 and 7 days. International airmail letters from the United States to Cameroon cost $0.31 for a letter weighing one-half ounce; airform letters cost $0.22. Post Office boxes rather than street numbers should be used in addresses.

Cables are frequently used to supplement airmail communication. For telegrams, the full rate per word from all places in the United States is $0.34, subject to a seven word minimum. For letter telegrams, there is a minimum charge of $3.74 for 22 words; each additional word costs $0.17. Local telephone service is available in the major cities and large provincial towns. Direct-dial long distance service to and from Douala and Yaounde and other cities is also obtainable. International calls to the United States cost about $15 for the first three minutes, or fraction thereof. Cameroon is connected to Europe and North America via communications satellite. Telex exchanges are to be found in Douala, Yaounde, Garoua and other major cities. Most major businesses have their own telex numbers. Telex rates are $4 per minute, with a minimum charge of $12. Cameroon time is 6 hours ahead of Eastern Standard Time.

### *Entrance Requirements*

American citizens should possess a valid U.S. passport and valid visa when traveling in Cameroon. Visas may be applied for by mail or in person. If by mail include postage for passport return by certified or other mail. Applicants should contact the Embassy of the United Republic of Cameroon, 2349 Massachusetts Avenue, N.W., Washington, D.C. 20008.

Visas are usually issued within 2 days and are easily obtainable for periods of up to 3 months. There is a $5 charge. Two photos are required and two copies of the visa application must be completed and submitted. Proof of a return ticket from Cameroon and an international health certificate showing vaccination against smallpox, yellow fever and cholera should also accompany the application. Business visitors who reside outside Cameroon and whose activities necessitate their frequent presence in the country may obtain exit and reentry visas from the Delegate General of the National Security Office in Yaounde. Foreigners who wish to be permanent residents, defined as persons wanting to remain for professional purposes in Cameroon for more than 3 months, are required to have entry and residence authorizations issued by the Delegate General. Issuance of an entry and resident authorization is subject to presentation of a contract of agreement from one's prospective employer.

**Business Hours.**—Business hours for firms and government offices are 8 a.m. to noon and 2:30 to 5:30 p.m., Monday through Friday, and 8 a.m. to noon on Saturdays. Office hours at the U.S. Embassy and Consulate are 8 a.m. to 12:30 p.m. and 3 p.m. to 6 p.m., Monday through Friday.

**Holidays.**—Official holidays observed in Cameroon include: January 1 (New Year's Day), February 11 (Youth Day), April 8* (Good Friday), May 1 (Labor Day), May 19 (Ascension), May 20 (National Day), August 15 (Assumption), September 13* (End of Ramadan), November 22.* (Feast of the Lamb), December 25 (Christmas).

* Variable Christian or Muslem holidays—dates given are for 1977.



### *Exchange Regulations*

There are no limitations on the importation of dollars, travelers checks, or other instruments of payment. Currency can be exchanged at the Douala and Yaounde airport banks, their city offices, and at leading hotels at a slightly less favorable rate. Banks are open Monday through Friday 8 a.m. to 12:30 p.m. and from 2:30 to 3:30 p.m.

### *Diplomatic Representation*

**Government of Cameroon**

Embassy of the United Republic of Cameroon
2349 Massachusetts Avenue, N.W.
Washington, D.C. 20008
Tel: (202) 265-8790
Mr. Augustine Njawe
Counselor (Economic and Commercial Affairs)

Mission of the United Republic of Cameroon to the United Nations
22 East 73rd Street
New York, New York
Tel: (212) 794-2295

**Government of the United States**

American Embassy
21 Avenue de Gaulle
Yaounde, Cameroon
Tel: 33-57, 33-58
Cables: AmEmbassy Yaounde

American Consulate
Avenue du General Leclerc
B.P. 4006
Douala, Cameroon
Tel: 42-34-34
Cables: AmConsulate Douala

## Sources of Economic and Commercial Information

**Information About Marketing in Cameroon**

Chamber of Agriculture, Livestock and Forests of the Cameroon
B.P. 287
Yaounde
Tel: 22-28-44
and
B.P. 400
Douala
Tel: 42-52-80
President: M. Ephrem-Marie MBA

Chamber of Commerce, Industry and Mines
B.P. 4011
Douala
Tel: 42-25-88
Cables: Chancomer
President: M. Edouard Njapou

G.H.A.C.: Cameroon Businessman's Group
B.P. 5375
Douala
Tel: 42-14-89

GICAM: Interprofessional group for the study and coordination of the economic interests of Cameroon
Secrètariat
B.P. 829
Douala
Tel: 43-31-41
and
B.P. 1134
Yaounde
Tel: 22-27-22
Telex: Yaounde 8280

Syndicat des Industriels du Cameroun (Syndustricam)
B.P. 1134
Yaounde
Tel: 22-24-68
and
B.P. 673
Douala
Tel: 42-30-58
President: M. Norguin

**Information About Investing in Cameroon**

Cameroon Development Bank
B.P. 55
Yaounde
Tel: 22-09-11
Telex: 8225 KN
Director: M. Gottlieb Titti

Societe National d'Investissement (National Investment Company)
B.P. 423
Yaounde
Tel: 82-44-22
Telex: SONICAM 8205 KN
Director: Dr. Ahmadou Bello

**Useful Cameroon Government Addresses**

Ministry of Economy and Plan
B.P. 25
Yaounde
Tel: 22-44-39; 22-42-52
Telex: 8203 and 8268
Ministre: M. Youssoufu Daouda 22-36-37

Vice Ministre: M. Robert Naah 22-25-12

Secretaire-general: M. Louis-Claude Nyassa 22-32-91

Conseiller technique: M. Charles Tchomtchoua Djadjo 22-09-16

Directeur du Commerce: M. Pierre Desire Engo 22-04-16

Directeur de l'Industrie: M. Edouard Nomo Ongolo 22-26-37

Directeur des Produits de base: M. Bobbo Hamatoukour 22-25-85

Directeur des Prix, des poids et mesures: M. Simon Aboe 22-31-16

Directeur de la Programmation: M. Jean-Baptiste Assiga Ahanda 22-03-45

Directeur de la Statistiques et de la comptabilite nationale: M. Moise Ngae Moubeke 22-38-61

Directeur des Affaires scientifiques et techniques: M. Joseph Minlend Nyobe 22-02-00

Directeur de la Planification: M. Daniel Kilem Mbila 22-35-58

Ministry of Finance
B.P. 18 Yaounde
Telex: 22-00-31; 22-17-00
Telex: 8260
Ministre: M. Marcel Yondo 22-22-99

Vice Ministre: M. Moustapha Ahmadou 22-12-69

Secretaire general: M. Georges Achu Mofor 22-06-78

Directeur du Tresor: M. Maurice Eboule Ndoumbe 22-35-21

Directeur des Impots: M. Andre Booto a Ngon 22-05-87

Directeur des Domaines: M. Ludovic Aka'A Owoundi 22-11-35

Directeur des Douanes: M. Jean Kamga Zamb 42-32-02

Directeur des Cadastre: M. Paul Ndjongouane Ekoule 22-40-39

Directeur l'Enregistrement: M. Come Edouard Tsanga 22-31-76

Directeur de Budget: M. Etienne Nkeumbang 22-34-39

Directeur des Controles economiques: M. Ferdinand Beke Bihegue 22-47-26

Ministry of Agriculture
B.P. 35 Yaounde
Tel: 22-51-66; 22-05-53
Ministre: M. Gilbert Andze Tsoungui 22-15-72

Vice Ministre: M. Awunti Joseph Chogwan 22-14-54

Secretaire general: M. Emmanuel Zoa Oloa 22-41-17

Directeur de l'Agriculture et de l'animation: M. Martial Mahi 22-24-92

Directeur des Eaux et forets: M. Gustave Mbeng 22-51-66

Directeur du Genie rurale et l'hydraulique agricole: M. Justin Ngassam 22-30-99

Directeur de la Cooperation et de la mutualite: M. Simon S. Shang 22-46-35

Directeur des Etudes et projects: M. Joseph Kamga 22-19-41

## Commercial Banks in Cameroon

Banque Internationale pour L'Afrique Occidentale au Cameroun (B.I.A.O)
B.P. 4001
Douala
Tel: 42-20-11
32 Branches
U.S. Affiliate: CITIBANK

Banque Internationale pour Le Commerce et L'Industrie du Cameroun (BICIC)
B.P. 4070
Douala
Tel: 42-32-31
24 Branches
U.S. Affiliate: Bank of America

Cameroon Bank
B.P. 48
Victoria
Tel: 33-92-30
Telex: West Bank 56-66-KN
10 Branches
U.S. Affiliate: Bank of America; Wells Fargo Bank

Societe Camerounaise de Banque (SCB)
B.P. 145
Yaounde
Tel: 22-21-00
Telex: CAMBANK 82-13
25 Branches
U.S. Affiliate: Morgan Guaranty International Corp. (SGBC)

Societe Generale de Banques au Cameroun
B.P. 244
Yaounde
Tel: 22-21-22
Telex: Yaounde 11-00
10 Branches
U.S. Affiliate: Bankers Trust



# Market Profile—CAMEROON

### *Foreign Trade*

**Imports.**—$609 million, 1975; $476 million, 1974. Major suppliers, 1974: France, 44%; West Germany, 10%; U.S., 6%; Italy, 6%. Principal imports: consumer goods, capital goods for industry, transportation, alumina, food, beverages, tobacco products. From U.S.: machinery, road vehicles, transport parts, tobacco.

**Exports.**—$433 million, 1975; $520 million, 1974. Major markets, 1975: France, 27%; Netherlands, 22%; West Germany, 9%; Italy, 5%; U.S., 3%. Principal exports: cocoa, coffee, wood, aluminum, cotton. To U.S.: coffee, cocoa, shrimp.

**Trade Policy.**—Associate member of European Economic Community (EEC) and one of four countries forming Central African Customs and Economic Union (UDEAC). Preferential duties for EEC imports ended January 1976.

**Trade Prospects.**—Government aims to diversify sources of supply to improve quality and range. Good immediate market for capital goods in support of infrastructure and industrial development.

### *Foreign Investment*

Mostly French. Expanding American interest. Investment Guaranty Agreement with U.S.: 1964 Investment Code amended. Over 50 U.S. firms investing in petroleum and mineral exploration, construction, fishing, tourism, banking, transportation, and communications. U.S. investment estimated at $25 million.

**Investment Prospects.**—Attractive investment climate, especially for pharmaceuticals, sugar refining, tropical agriculture, light manufacturing, forestry and aluminum.

### *Finance*

**Currency.**—Communaute Financiere Africaine (CFA) franc (250 CFA francs=US$1), issued by the Bank of the Central African States (BEAC). France guarantees convertibility of CFA francs which are floating with French francs.

**Domestic Credit and Investment.**—Besides the Central Bank, there are six commercial banks, the Cameroon Development Bank, National Investment Corporation, postal saving and checking system, a French public institution and a public credit company.

**National Budget.**—FY 1977 budget estimated at $512 million up 28% from the previous year. Above average increase in public health, education and equipment.

**Foreign Aid.**—Total development assistance expected to reach $362 million during 1972–76.

**Balance of Payments.**—1973 surplus was reversed in 1974 by the rising cost of petroleum and by the general worldwide inflation. Foreign public debt reached $240 million in December 1974.

### *Economy*

Dynamic; based on traditional agriculture, expanding industrial sector.

**GNP.**—$2.0 billion at current market prices in 1976, $285 per capita; increasing growth rate, 5% in real terms for 1976 33% from agriculture, 25% from commerce, 12% from manufacturing.

**Agriculture.**—Export crops: cocoa, coffee (26%), cotton (3%), and rubber, bananas, palm oil, and peanuts.

**Industry.**—Concentrated at Douala, mostly subsidiaries of foreign companies. Aluminum smelter and rolling mill complex, textiles, wood and wood products, food processing and beverages, shoes, leather and plastic articles. Construction materials experienced greatest expansion in recent years.

**Commerce.**—French predominate. Cameroonization is policy, but only at a rate which does not disrupt the economy. Consumer price index 170.0 in June 1976 (1970=100).

**Development Plan.**—Fourth Five Year Plan (1976–81) projects total investment of over $3 billion, $830 million from private sources.

**Transportation.**—State-run, 700 mile, meter-gauge, single track railroad, extends to N'Gaoundere in north. $16 million World Bank loan approved in 1974 to upgrade Douala-Yaounde link. Over 15,000 miles of roads, of which 900 are paved; $48 million World Bank loan in 1974 to improve and pave additional 300 miles. Douala, main seaport, congested; $100 million port improvement plan implemented.

**Communications.**—Telecommunications system being expanded by U.S., British and French firms. Direct satellite telephone link with U.S. opened in 1974. Development Plan (1976–81) calls for $60 million in expenditures (60% externally financed).

**Power.**—Considerable hydroelectric potential. Over 1.2 billion kWh capacity production and consumption in 1975. 3 new dams planned. $272 million to be expended 1976–81 according to current Plan.

**Land.**—183,500 square miles, larger than California, with four district regions: coastal plan, central plateau, mountains in the west rising to 13,300 ft., and savanna north toward Lake Chad.

**Climate.**—Generally equatorial, wet season May through October.

**Minerals.**—Important bauxite reserves—1 billion tons. Oil prospecting continuing on land and offshore; some production to begin during 1977. Indications of very high grade, extensive iron ore deposits in extreme south.

**Forestry.**—Tropical rain forests cover 50% of land area. Timber production 800 million cubic meters in 1975; Fourth Plan calls for investment of $83 million and annual production of 2.5 billion cubic meters.

**Fisheries.**—Coastline of 185 miles with continental shelf 15 to 35 miles wide. Average annual landed catch near 23,000 tons. Five fishing companies operate from Douala; two involved in growing shrimp industry. Plan calls for $14 million expenditures (1976–81).

### *Population*

**Size.**—7.5 million in 1976, 25% urban. Estimated growth rate 2.2%. Douala, main commercial center 400,000; Yaounde, capital 250,000.

**Language.**—Officially bilingual, French and English.

**Education.**—About 75% of school age children attend school. Literacy rate, 15–20%. Education budget for fiscal 1976 totals $51 million.

**Labor.**—Well over 3 million in labor force. Considerable urban unemployment. Single labor federation.

International
Marketing Information
Series

Overseas Business Reports

November 1977 OBR 77-58

# Marketing in Senegal

Prepared by J. Marc Chittum
Office of International Marketing
Bureau of International Commerce
Based in part on reports received
from the American Embassy in Dakar

U.S. Department of Commerce
Domestic and International Business Administration

OBR

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## Trade Outlook

France has been and remains Senegal's major supplier. In 1976, it accounted for approximately 42% of Senegalese imports (see table 1). General links of language, culture, education, and tradition reinforce the strong French economic and financial interests.

However, the value of U.S. exports to Senegal has grown over the past years. In 1976, the United States was Senegal's number two supplier with almost 8% of the market (see table 2). In particular, the growth of U.S. industrial exports during the past few years gives evidence of the potential market that can be developed with quality products, competitive prices, and effective sales efforts. The best export opportunities are for capital goods and the following product categories: building and construction equipment, energy systems, air conditioning and refrigeration equipment, radio communications and navigation equipment, and fisheries industry supplies and equipment. (See table 3 for major imports). Now that the Government has reduced import tariffs on many categories of consumer goods and narrowed the reverse preference differential accorded products from the EEC (see Trade Regulations section), U.S. products will be more competitive in this expanding market.

***Table 1.—Senegal: Imports From Selected Countries of Origin 1972–75***
(Millions of U.S dollars)

| Country | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| France | 146 | 155 | 187 | 240 |
| United States | 15 | 25 | 34 | 43 |
| West Germany | 16 | 16 | 29 | 31 |
| Mainland china | 7 | 19 | 19 | 9 |
| Nigeria | 5 | 9 | 18 | 24 |
| Italy | 14 | 13 | 11 | 17 |
| Other | 136 | 95 | 146 | 217 |
| TOTAL | 339 | 332 | 444 | 581 |

Source *L'Economie Senegalaise*, 1975, Ediafric-La Documentation Africaine, and *Bulletin Statistique et Economique Mensuel*, 1975

***Table 2.—Major U.S. Exports to Senegal, 1973–76***
(Thousands of U S dollars)

| Commodities | 1973 | 1974 | 1975 | 1976 |
|---|---|---|---|---|
| Rice, milled | 5,262 | 5,608 | 2,268 | 215 |
| Corn or maize, unmilled | 1,231 | 2,426 | — | 339 |
| Cereals, NEC unmilled | 6,287 | 7,543 | 132 | 488 |
| Malt extract, prep of flour, starch, etc | 1,223 | 1,007 | 311 | 441 |
| Waste materials from text fab including rag | 798 | 967 | 2,713 | 1,274 |
| Animal fats & oils NEC including wool, grease | 346 | 1,490 | 1,603 | 1,481 |
| Tractors, except road & industrial | 714 | 1,002 | 987 | 1,317 |
| Construction & mining machinery, NEC and parts | 636 | 1,845 | 4,517 | 3,792 |
| Passenger cars, trucks, etc | — | 597 | 1,738 | 421 |
| Aircraft, heavier than air | 1,269 | 1,500 | 769 | 14,908 |
| Ships & boats except military, including special purchases | 317 | 434 | 3,835 | 3,333 |
| Special transactions not classed by kind | 569 | 769 | 735 | 473 |
| Other | 5,490 | 8,877 | 13,480 | 12,762 |
| TOTAL ... | 24,142 | 34,065 | 33,088 | 41,244 |

Source U S Bureau of Census, *U S Exports WorldArea by Commodity Groupings* (FT 455) 1973, 1974, 1975, 1976


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*Table 3.—Senegalese Major Imports 1972–75*
(CFA million [1])

| Commodities | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| Rice | 4,252 | 9,519 | 13,298 | 6,850 |
| Machines & appliances | 7,452 | 7,984 | 5,533 | 16,194 |
| Powdered & confectionary sugar | 4,341 | 5,223 | 4,350 | 7,598 |
| Petroleum Products | 3,970 | 4,833 | 12,393 | 14,782 |
| Electrical apparatus | 3,063 | 3,227 | 5,533 | n/a |
| Common metals | 2,548 | 2,869 | 5,524 | 3,481 |
| Cars | 5,172 | 4,961 | 6,348 | 3,234 |
| Other transport vehicles | 2,723 | 2,651 | 3,163 | 6,642 |
| Wheat | 2,125 | 2,619 | 2,408 | n/a |
| Edible fruits and vegetables | 2,339 | 2,638 | 3,036 | 2,319 |
| Paper cartons | 1,924 | 2,248 | 3,701 | 3,495 |
| Other | 30,380 | 30,994 | 41,463 | 60,021 |
| TOTAL | 70,289 | 79,766 | 106,750 | 124,616 |

[1] 240 CFA=US$1
n/a—not available
Source *L'Economie Senegalaise*, 1975, Ediafric—La Documentation Africaine, and *Bulletin Statistique et Economique Mensuel*, 1975.

# Industry Trends

## *Economic Growth*

The Senegalese economy experienced fairly rapid growth during 1974 and 1975; this surge followed the depressed period caused by the Sahelian drought of the early 1970's. The growth rate in 1976 was about 4.5%, somewhat less than growth of 1974-75 (see table 4). Higher production of major export commodities was offset by lower prices for those commodities on the world market (see tables 5 and 6).

Progress was marked in financing and implementation of Development Plan projects. Effective price control policies kept the rate of inflation to under 5% and real GNP per capita rose to approximately $310. The outlook for 1977 is another year of moderate growth.

## *Agriculture*

Agriculture is the mainstay of the Senegalese economy, employing over 70% of the labor force, although contributing less than 25% of the gross domestic product (GDP). Agricultural commodities provide the raw material for the principal domestic processing and manufacturing industries and account for more than 50% of the total export earnings. Peanuts are the predominant cash crop grown in rotation with millet and sorghum, the major food crops. Despite considerable efforts in recent years, the growth and diversification of agricultural production have been hampered by numerous obstacles, the most important being a shortage of water. At present real potential exists for increased production of rice, cotton, vegetables, and fruits in the southern and southeastern regions whereas successful

*Table 4.—Senegalese Gross Domestic Product (GDP)For 1971–75*
(CFA[1] billion)

| Categories | 1971 | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|---|
| GDP (Current prices) | 241 4 | 291.7 | 230.6 | 279.7 | 325.9 |
| Agriculture | 50 7 | 73.9 | 47 9 | 60 0 | 76 9 |
| Industry | 45.2 | 54 5 | 45 9 | 60 4 | 72 0 |
| Services | 98.3 | 115.6 | 91.2 | 112.6 | 119 5 |
| Other sectors | 47.5 | 47 7 | 45.6 | 46 7 | 57.0 |
| Gross Domestic Expenditures | 270 1 | 308.8 | 267.4 | 305 1 | 349.2 |
| Consumption | 247.3 | 280 4 | 243.3 | 269.4 | 294 2 |
| Gross Investments | 22 8 | 28.4 | 24.1 | 35.7 | 55 0 |
| Resource Gap | −28 4 | −17.1 | −36 8 | −25.4 | −23 3 |
| Annual Change in | | | | | |
| GDP (%) | 2.0 | 2 1 | −20.9 | 21 3 | 16.5 |
| Expenditures (%) | 8 0 | 14 3 | −13.4 | 14 1 | 14 5 |
| Consumer Prices (%) | 3 8 | 6 0 | 12.2 | 16 7 | 30 6 |

[1] 240 CFA=US$1
Source: International Monetary Fund and World Bank

*Table 5.—Major Senegalese Exports 1972–75*
(CFA[1] million)

| Commodities | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| Peanut oil cake | 7,392 | 6,532 | 6,917 | 7,872 |
| Crude peanut oil | 16,087 | 5,727 | 19,131 | 25,520 |
| Refined peanut oil | 4,298 | 2,597 | 6,531 | 5,603 |
| Calium phosphate | 4,408 | 4,700 | 23,533 | 22,226 |
| Cotton material & covers | 1,193 | 1,545 | 1,516 | 1,634 |
| Fresh, ocean fish | 746 | 1,265 | 2,228 | 2,321 |
| Preserved fish | 2,570 | 2,519 | 3,600 | 3,644 |
| Total | 54,412 | 43,237 | 88,369 | 99,101 |

[1] 240 CFA=US$1
Source. *L'Economie Senegalaise*, 1975, Ediafric—La Documentation Africaine, and *Exportations, 12 Mois 1974*, Commerce Special, Ministere Des Finances Et Des Affairs Economiques, and *Bulletin Statistique et Economique Mensuel*, 1975

*Table 6.—Senegalese Estimated Production of Selected Commodities 1972–75*
(thousands of metric tons)

| Commodities | 1972 | 1973 | 1974 | 1975 |
|---|---|---|---|---|
| Agriculture[1] | | | | |
| Millet and sorghum | 322.9 | 510 8 | 795 0 | 630 0 |
| Cassava | 150.4 | 120.0 | 120 0 | n/a |
| Rice (paddy) | 43 6 | 64 3 | 116.9 | 144.0 |
| Corn | 20 2 | 33.7 | 42.3 | 45 2 |
| Vegetables | 69 5 | 63.7 | 84 4 | n/a |
| Peanuts (unshelled) | 570 0 | 675 0 | 994 0 | 1,410 0 |
| Cotton | 23 5 | 33 1 | 40 5 | 30.8 |
| Minerals | | | | |
| Calcium phosphate | 1,250 0 | 1,533 0 | 1,473.0 | 1,599 7 |
| Aluminum phosphate | 165 6 | 218.9 | 405.0 | 201 4 |
| Other | | | | |
| Peanut oil | 251.8 | 128 6 | 142 1 | 153 4 |
| Tuna (Canned) | 12.7 | 8 7 | 14 4 | n/a |
| Cotton fabric | 8,426.0 | 6,287.0 | 7,780.3 | n/a |
| Cement | 334.9 | 295 6 | 331 9 | 356.6 |

n/a - not available
[1] Figures refer to crop year beginning in the year listed.
Source: International Monetary Fund and World Bank

diversification in the rest of the country will depend mainly on the availability of water resources and expanded extension services.

As mentioned above, Senegal has a one-crop economy: peanuts provide about 40% of Senegal's total export earnings and about 15% of GDP. The peanut crop is marketed through the National Peanut Market Board (ONCAD) and sold to local crushing mills which produce peanut oil and byproducts. Peanut production has made substantial increases for the last 5 years (see table 6), and since 1973 the entire peanut crop has been crushed in Senegal.

One of Senegal's efforts at diversification has been an irrigated vegetable operation, BUD-Senegal. Begun in 1972 by the European subsidiary of an American vegetable grower, BUD-Senegal operates a 425 hectare irrigated farm near Dakar and air ships the vegetables to Europe for the off-season, winter market. The project has been a success and is spreading to adjoining land with an expansion goal of 3,600 hectares and exports of 100,000 tons of vegetables by 1980.

Another important agricultural development project which has recently been completed is the *Compagnie Sucriere Senegalaise* sugar plantation and refinery at Richard Toll in northern Senegal. This $20 million investment has begun operation with production of 100,000 tons per year of refined sugar from irrigated cane. The plant, which has purchased considerable American equipment, will continue to be a customer for both factory and agricultural equipment.

A third modern agricultural project to diversify from peanuts is cotton production and processing. Grown in southern and eastern Senegal by small farmers, cotton is processed by the *Societe de Development des Fibres Textiles* (SODEFITEX), a joint government-private company.

Even with the modern agricultural sectors noted above, the traditional sector remains the basic source of food crops with millet and sorghum grown by the small farmers as the staple food crop. Thus far, rice production is limited to farmers in southern Senegal and along the Senegal River in northern Senegal. Prospects for increased local food production depend, as is the case for peanuts, on having adequate rainfall. With the traditional methods used by farmers on small plots, growth will come slowly.

## *Water Supply*

As mentioned above, Senegal's agricultural economy is dependent upon rainfall. Although there are no real deserts in Senegal, it is a part of the Sahel region where precipitation is irregular and where long droughts have tragic consequences.

Regarding long-range solutions to the drought in Senegal, most attention is focused on combined efforts of Mali, Mauritania, and Senegal to construct two dams on the Senegal River. This would permit irrigation of the valley which forms Senegal's northern border, an area which is now the most drought-affected in the country. This Senegal River project is being considered by a consortium of international donors and is years away from realization.

## *Livestock*

Traditionally, cattle raising has been carried out by nomads in northern and central Senegal. It has also represented a secondary activity of farmers in the central and southern regions of the country. Cattle rearing on an industrial basis is limited to one ranch and two breeding farms. The emphasis has now been switched from preservation of herds to an imaginative $20 million development program designed to integrate the semi-nomadic herders into the money economy.

## *Fishing*

Fishing is an important sector of the Senegalese economy and has considerable growth potential. Fish is abundant, and it is a major element in the local diet. About 80% of the fish is consumed fresh and the remainder is dried or smoked through traditional methods or canned in local canneries.

Performance of the fishing industry has been below expectations and below the potential of Senegalese waters (recently extended to 370 kilometers). Although artisanal fishermen using canoes have been doing very well, the oceangoing companies have not. The tuna fishing fleet is operated by several private French companies and by a semipublic Senegalese company (new company currently being organized) which is purchasing three large tuna seines from the U.S. firm, Tacoma Boatbuilding Company.

## *Mining*

Although mining accounts for a relatively small proportion of total GDP, the share of mineral products has averaged nearly 10% of total export receipts in recent years. Mineral production has so far consisted of phosphates and salt, but prospecting for iron ore, copper, and petroleum is being conducted. Calcium phosphate mining is entrusted to the *Compagnie Senegalaise des Phosphates de Taiba* (CSPT). This joint venture between the Senegalese Government and several foreign firms now has a production

capacity of about 1.65 million metric tons (MT) a year. Aluminum phosphate is mined by the *Societe Senegalaise des Phosphates de Thies* (SSPT), an affiliate of a French company (production capacity 0.6 million MT a year). Production of salt reached 140,000 tons in 1976 with 87% exported.

Iron ore deposits, estimated at 1.2 million tons of 60% purity, have been located in the Faleme area of eastern Senegal. An international consortium composed of French, German and Japanese firms has joined with the Senegalese Government to undertake further studies of the deposit which is located in an area almost totally lacking in infrastructure.

Oil prospecting in Senegal has been unsuccessful to date. A joint French-American group struck a 120 million ton deposit off southern Senegal in 1969, but the oil was so heavy and of such low quality that it was not commercially exploitable even with the rising oil prices. Shell, the only firm with an active exploration program in Senegal, holds extensive permits for both offshore and inland exploration.

### *Manufacturing*

The industrial sector accounted for about 22% of gross domestic product (GDP) in 1975. About 85% of the industrial concessions are located on the Cap Vert peninsula near Dakar.

Food industries are the largest component of manufacturing with peanut oil mills being the most important. The peanut oil plants, all French-owned, are the largest private employers in the country and produce the most important Senegalese exports. Peanut oil and cake production have followed the fluctuations in peanut production. The peanut oil mills have an operating capacity of an estimated 1 million tons of unshelled peanuts a year. Other food processing industries include canneries, flour mills, beer and soft drink plants, and sugar refining.

The textile industry is the second largest component of the manufacturing sector and one of the most extensive and best organized. The industry is relatively diversified and covers spinning, weaving, and dyeing, as well as ready-to-wear clothing plants.

Production in the shoe and chemical industries has shown limited expansion in recent years. On the other hand, other industrial production—matches, construction materials, cement, metal products, batteries, plastics, wood furniture, packing materials, and printing—has risen rapidly.

### *Tourism*

The Government holds great hope for an expanded tourism sector. It hopes industry will take the lead, although the State will take an equity participation in several of the larger projects. The Government has allocated 178 billion CFA ($71 million) to add 6,270 more beds. Projects recently completed in Dakar include the Almadies Hotel (600 beds) financed by a Senegalese businessman, and Hotel de l'Independence, 260 beds. Additional tourist hotels are planned—including Aerohotel, a 600 bed Italian hotel and a 2,500 bed resort on the Petite Cote (an hour south of Dakar)—to increase the current capacity. The plan projects 180,000 tourists in 1977 representing 1,480,000 tourist-nights. Four thousand new jobs will be created and tourist-related income will reach 10 billion CFA.

## Development Planning

Senegal's fifth 4-year Development Plan covers 1977-81. The Plan calls for the investment of 410 billion CFA ($1.7 billion). The Plan also projects a growth rate in gross domestic product of 5.8% annually in real terms. This projection is based on a 4.1% growth rate in the rural sector, 7.5% in the industrial sector, and 5.6% in the service sector.

### *Major Projects*

Some of the major projects not included in the Plan are discussed below.

**The Dakar marine supertanker repair facility** is planned in two stages with the first stage consisting of the construction of two dry docks (one for ships up to 300,000 tons and the second for ships up to 500,000 tons) and a pier of 1,200 meters. The second stage will see the addition of a dry dock with a capacity of 1 million tons. Financial negotiations with foreign creditors is taking place. Total investment is expected to be $100 million.

**The Cayar refining and petrochemical complex** will be built in four stages which include the construction of a port, a refinery, a phosphate mine and a satellite city of 200,000 persons. The development of the phosphate mine is considered to be the most feasible starting point for the project. Total investment is expected to be 9 billion CFA ($39 million).

**The Diama Dam** near St. Louis is part of the Senegal River Development Project, which also envisions the construction of a dam at Manantali in Mali. These two dams would regulate the flow of the Senegal River and allow for irrigated agriculture.

**Other projects include:** Tobene iron ore extraction ($100 million initially); urban development of St. Louis, Senegal's former capital ($75 million); ilmenite (mineral sands); mining ($50 million); and the hydro-agricultural development of the Gambia and Casamance River basins ($20 million in studies).

### *Rural Sector*

Agriculture is the "priority of priorities." The Government has allocated 24.8 billion CFA for 26 agricultural projects. Twelve of these projects are concentrated in rice production. Other projects are in cotton production, sugar production, irrigated vegetable farming, and extension work to increase production of both food and cash crops. The Plan has set yearly production targets of 1.1 million tons for peanuts and 700,000 tons for millet and sorghum each.

In addition, livestock and fish, subsectors of the rural development budget, are also stressed. The Plan calls for the doubling of meat production from 1970 to 1980. Twelve projects are planned, including animal health, well drilling and range management programs. The construction of slaughterhouses and cold storage plants are also budgeted.

The fish sector in Senegal has great potential. Twenty-four projects in port improvement, cold storage facilities and the purchase of large tuna and sardine boats should increase production far above the 1977 goal (301,000 tons).

### *Industrial Sector*

Senegal plans to invest 26.7 billion CFA in the industrial sector. Among the projects included are the expansion of the Dakar electricity generating plant, the expansion of both the calcium phosphate mine at Taiba and the smaller Thies aluminum phosphate plant, and the construction of plants to produce soft drinks, concentrated milk, palm oil, tomato juice, tires, aluminum sulphate and bottle caps.

### *Dakar Free Trade Zone*

The Dakar Free Trade Zone located in M'Bao, a suburb 13 kilometers east of Dakar, was established in May 1974. The Zone was established to attract foreign investors to set up industries which are labor-intensive and manufacture goods for export. Plants producing furniture, toys, electronic products, food products, machinery and textiles are particularly suited for the area. (See Investment in Senegal, below).

## Trade Regulations

### *General Information*

**Language.**—The official language of Senegal is French. All correspondence and documentation should be prepared in French to expedite handling and formalities.

**Technical Standards.**—Senegal utilizes the metric system as its official standard of weights and measures.

### *Trade Policy*

Senegal is a member of the six-country West African Economic Community *(Communaute Economique de l'Afrique de l'Ouest* (CEAO) ). The CEAO treaty provides for the gradual coordination of relevant legislation and decrees, statistical and customs procedures, and forms. A common external tariff and fiscal levies on imports will be established gradually over a period of years. Besides promoting closer cooperation among the French-speaking countries of former French West Africa, Senegal has also consistently expressed support for the eventual inclusion of both English-speaking countries of West Africa and Central Africa in a common regional organization.

The Economic Community of West African States (ECOWAS) is another economic entity of which Senegal is a member. Fifteen African nations comprise ECOWAS, the largest (and potentially the most important) single economic grouping in Africa. The other members are: Benin, Gambia, Ghana, Republic of Guinea, Guinea-Bissau, Ivory Coast, Liberia, Mali, Mauritania, Niger, Nigeria, Sierra Leone, Togo, and Upper Volta. The Community's objectives are cooperation in industry, transport, telecommunications, energy, agriculture, natural resources, commerce, monetary and financial matters, and social and cultural functions.

Senegal is a signatory of the Lome Convention, a 5-year trade-and-aid treaty between the EEC and 52 African, Caribbean and Pacific (ACP) nations. Senegal is also a member of the General Agreement on Tariff and Trade (GATT).

### *Tariff Structure*

Goods imported into Senegal are classified according to the Brussels Tariff Nomenclature

(BTN) and are subject to two basic import charges: a customs duty and a fiscal import duty (which ranges between 5-30%). Most customs duties are assessed on one of two levels: 5% on goods originating in the EEC and 10% on goods from all other industrialized countries.

Two recently passed laws exempt certain capital goods from customs duties, fiscal duties and the statistical tax, while reducing the forfeiture tax from 30.1 to 2.1%.

**Other Import Taxes.**—All goods imported into Senegal are also subject to: a statistical tax of 4 CFA francs per item, unit of measure, or postal parcel; a standard tax of 20% of the c.i.f. value and fiscal and customs duties, a turnover tax of 10% of c.i.f. value and fiscal and customs duties plus standard tax paid; a tax on petroleum products of 15.5–25.5 CFA francs per liter.

**Export Taxes.**—Export taxes are used as a revenue raising device and represent 5% of the government revenue. There are five separate export taxes: (1) a fiscal tax ranging from 0–25% with most items exempt or paying less than 10%, (2) a research tax of 17% on some agricultural commodities, (3) a processing tax of 1% on most agricultural products, (4) a lump-sum tax ranging from 5.40–5.68% levied on most goods, (5) a statistical tax of 3% levied on most goods. The total tax amount is the simple arithmetic sum of the individual taxes as applicable.

*Information regarding Senegal's duties applicable to specific products may be obtained free of charge from the African Area, OIM/BIC, U.S. Department of Commerce, Washington, D.C. 20230 or from any Department of Commerce District Office, Inquiries should contain a complete product description, including BTN, SITC, or U.S. Schedule B Export Commodity Numbers, if known.*

***Special Customs Provisions.***

**Shipping Documents.**—Shipping documents required by the Senegalese authorities are: a commercial invoice, a bill of lading, a certificate of origin (which should be certified by a chamber of commerce), and a U.S. Shipper's Export Declaration if the value is more than $250 or where a validated export license is required. A combined invoice/certificate of origin may be used instead of separate forms for each.

There are no special forms for commercial invoices or bills of lading. However, to insure prompt customs clearances, the shipping marks and numbers on bills of lading, on invoices and on the goods themselves should correspond exactly. A packing list is recommended.

**Entry and Transit.**—Goods may be entered for consumption, transshipment, or warehousing. To avoid storage charges, entry for consumption should be accomplished within 5 days after landing. All goods may remain warehoused without customs entry for up to 11 days. Landed goods may remain unclaimed in the customs area for 30 days. Goods not cleared within this period are "registered" and placed in a special warehouse for 4 months; if still unclaimed at the end of this period, the merchandise is sold at public auction.

Goods may be stored in bonded warehouses subject to later entry for consumption or reexport for 18 months with the possibility of two additional legal delays of 6 months each. After the final legal delay, a notice will be published or served on the consignee. If the goods are not reexported or declared within 30 days after the notice, they may be sold at auction.

Goods entered in transit are generally not subject to customs duty if they are removed within an alloted time; they are, however, liable for storage and handling charges.

**Samples and Advertising.**—Generally, samples which have no commercial value or which have been made unusuable by mutilation and which are marked *"Aucune Valeur Commerciale"* (No Commercial Value) enter free of duty. Single catalogs or small packets of brochures marked *"Imprimes"* (printed matter) are not subject to duty.

**Labeling.**—Merchandise originating in one country and transiting another country before entering Senegal must bear markings identifying the country of origin; i.e., "Made in U.S.A."

There are no general labeling requirements on goods entering Senegal although there are several special regulations. Some of these are given below.

Canned and other preserved food products for both human and animal consumption must carry a label in French indicating the nature of the product and duration of its preservation. In addition, canned fish, canned vegetables, and canned milk must indicate the country of origin.

The words *"Vente au Senegal"* (sold in Senegal) must be printed in letters not less than 3 mm high below the firm's trade mark on all boxes, cases, and packets containing tobacco and cigarettes. Adhesive labels are not permitted.



The containers and outer packings of whiskies and aniseed drinks of a strength of more than 40 degrees proof must bear the following information affixed by the manufacturer: *"Vente au Senegal,"* name and address of the manufacturer, and identification number of the importer as issued by the Ministry of Commerce. Alcoholic beverages of a strength less than 40 degrees require the same information except that the notice *"Vente au Senegal"* is prohibited.

*Senate Concurrent Resolution 40, adopted July 30, 1953, invites U.S. exporters to inscribe, insofar as practicable, on the external shipping containers in indelible print of a suitable size: United States of America. Although such marking is not compulsory under laws, U.S. shippers are urged to cooperate in this publicizing of American-made goods.*

**Export Control.**—The export of certain items, among which are endangered species of animals, weapons, and certain precious stones, is prohibited.

## Selling in Senegal

***Distribution Centers***

More than 25% of Senegal's 5 million people live in urban areas, and more than half of these live in Dakar. Average population density for the country is 65 persons per square mile. The population, however, is unevenly distributed with the Cap Vert region, consisting of Dakar and its suburbs, having the highest density of 3,400 persons per square mile, and the Senegal-Oriental region with the lowest density of 11 persons per square mile. The urban areas have experienced a growth rate of 12% or more than twice that of the nation as a whole, 5%. It is estimated that by 1980, over one-third of the population will be urban. The population is evenly divided between men and women and is very young; 42% is under 15 years of age.

Dakar, Senegal's capital and metropolitan center, is the focus of commerce and industry and has one of the great seaports of West Africa. Kaolack (106,900 people), with its well-developed port, is the commercial and shipping center of the richest peanut area in Senegal. Thies (117,333 people) is a commercial and industrial center. The railroad from Dakar branches in Thies to form Senegal's two main lines to Saint-Louis and the Mali border. Other important towns include Saint-Louis (88,400 people), Ziguinchor (57,500 people) and Rufisque (54,000 people).

***Distribution Channels***

Distribution in Senegal is dominated by a few large French-owned firms that cover all aspects of selling from importing to retailing. Existing along-side these giants are a number of small-scale French and Lebanese merchants. In mid-1973 the Government introduced measures to reserve a major share of domestic trade for Senegalese nationals and nationally owned firms. Among the reserved products are edible peanut oil, flour, sugar, condensed milk, soft drinks, cigarettes, matches, soap, razor blades, domestically produced shoes, textile fabrics and cement. Government agencies collect and distribute domestically grown foodstuffs as well as imported rice. Government-sponsored cooperatives and marketing agencies also import farm supplies and equipment and distribute them to small farmers. In an attempt to improve supply to the interior of the country, the Government, in 1965, established the New Supply and Distribution Company of Senegal *(Societe Nouvelle pour l'Approvisionnement et la Distribution au Senegal*—SONADIS). SONADIS is jointly owned by the Government and two private firms and operates over 100 stores.

***Government Procurement***

The various ministries and other government organizations are responsible for procuring their own requirements of materials and services. However, only the Ministry of Finance can purchase vehicles (except for specialized military vehicles). Requests for bids are published in the local newspaper or the monthly bulletin of the Dakar Chamber of Commerce, B.P. 118, Dakar, Senegal. The American Embassy in Dakar also watches all announcements of bids and promptly reports them to the Department of Commerce. Bid specifications are usually based on those in use in France, and the Government relies on French technical advisors and consultants.

Bids may be handled by one of several methods depending on the work, type of services, or goods required. The principal method is competitive bidding, although small- and medium-sized Senegalese firms receive a preference of up to 10% differential in bid price.

U.S. firms should address correspondence, in French, to the appropriate agency or department of the Senegalese Government or, in case of doubt, to the Ministry of Finance, Dakar, Senegal, for forwarding to the appropriate agency or department. A list of the various ministries is available from the African Division, Office of International Marketing, BIC/DIBA,

Department of Commerce, Washington, D.C. 20230.

### *Credit*

Senegal is one of the six African countries which belong to the West African Monetary Union. These countries share a common currency, the CFA franc, issued by a Common Central Bank, *Banque Centrale des Etats de l'Afrique de l'Ouest*—BCEAO, with headquarters in Dakar. Monetary policy for the union is determined by the Board of Directors of the BCEAO assisted at the national level by a Monetary Committee in each country. The CFA franc is officially maintained at 50 CFA francs per French franc. The French franc is presently floating (approx. 240 CFA francs = US$1).

The commercial banks in Senegal provide three-fourths of all short-term credit. Short-term credit also is extended by the National Development Bank *(Banque Nationale de Developpement du Senegal*—BNDS). To facilitate short-term bank credit to small-and medium-size Senegalese enterprises, two special guarantee funds have been established.

The main source of medium- and long-term credit is the BNDS. The recently established Senegalo-Kuwaiti Investment Bank is designed to make middle- and long-term loans. The Government has also established the National Amortization Fund *(Caisse Nationale d'Amortissement*—CNA) to guarantee the Government's foreign loans and to provide a greater security to current and potential foreign creditors.

Other financial intermediaries that perform some banking operations include the Treasury, the Post Office, and the French *Caisse Centrale de Cooperation Economique* (CCCE).

The Export-Import Bank of the United States and the Foreign Credit Insurance Association offer a full range of loans and credit insurance for exports of U.S. products to Senegal.

To assist U.S. exporters in formulating sound credit policies applicable to local markets, credit information on individual Senegalese firms is available from the *World Traders Data Reports* (Export Information Service, Office of Export Development, BIC/DIBA U.S. Department of Commerce, Washington, D.C. 20230. Such information also is available from private agencies. Some of the principal U.S. sources include: Foreign Credit Interchange Bureau, National Association of Credit Management, 229 Fourth Avenue, New York, New York 10003; American Foreign Credit Underwriters Corp., 253 Broadway, New York, New York 10007; and Dun and Bradstreet, Inc., 99 Church Street, New York, New York 10007. In addition, credit information can usually be obtained from American banks which serve as U.S. representatives for various Senegalese banks. U.S. banks represented in Senegal through affiliates are Bank of America, Bankers Trust Company, Citibank, Fidelity Bank of Pennsylvania and Morgan Guaranty Trust Company.

### *Exchange Controls*

Senegal controls all foreign exchange transactions outside the franc monetary area. Although ultimate authority rests in the hands of the Ministry of Finance, authorization for transfer of funds has been delegated to commercial banks, which are authorized to grant foreign exchange for normal commercial transactions, including the repatriation of profits and capital. In the case of foreign exchange granted to import goods from outside the franc zone, actual proof of importation is required.

### *Market Research*

There are few market research organizations in Senegal. SONEPI *(Societe Nationale d'Etudes et de Promotion Industrielle)*, BP 100, Dakar, is a quasi-government agency which does most of the studies. The leading private firm is *Afrique Recherche Conseil*, 12 Allee Canard, Dakar. Senegalese banks also provide assistance on market research, and these services are frequently available in the United States through correspondent arrangements.

Commercial information also can be obtained from the following organizations: Chamber of Commerce, Agriculture, and Industry, P.O. Box 118 Dakar; Syndicate of Export and Import Traders of West Africa, 14 Avenue Albert Sarraut, Dakar; Federal Union of Industry and Commerce, 9 Rue des Dardanelles, Dakar.

*Marches Tropicaux et Mediterraneens*, a weekly magazine published in Paris, has special editions on the Senegalese market which appear every few years and are reprinted in English. The Government of Senegal also publishes economic data which can provide valuable assistance to the U.S. exporter in formulating a marketing plan. The best statistical source is the *Bulletin Statistique et Economic Mensuel* published by the Ministry of Finance and Economic Affairs, Dakar.



### *Marketing Aids*

**Newspapers and Magazines.**—There is one daily newspaper in Senegal, *Le Soleil,* with an estimated circulation of 20,000. The weeklies, *Le Moniteur Africain du Commerce et de l'Industrie, Voix d'Afrique* and *L'Ouest Africain,* circulate throughout French-speaking West Africa. Foreign publications (mainly French) are available and include *Le Monde, France-Soir, Le Figaro, Jeune Afrique, L'Express, Paris-Match, Marches Tropicaux et Mediterraneens,* and *Bulletin de l'Afrique Noire.*

**Radio and TV.**—Radio is the most effective element of mass media in Senegal. The government-controlled radio service operates two networks: the International Network which broadcasts programs in French with occasional programs in Arabic, English, and Portuguese; and the National Network which broadcasts in French and several African languages. The number of receivers is estimated at 225,000, and transistor radios are found in even the most remote villages. The total audience is estimated at 650,000 persons or about 13% of the population. The Government has sought to maintain the Radio Senegal monopoly over broadcasting advertising and in 1971 passed a law which bans Senegal-based firms from advertising in foreign broadcasts beamed to Senegal. The government-controlled television service broadcasts 3½ hours a day. There are an estimated 1,500 television receivers.

Advertising is available in Senegal in most media—especially in newspapers and magazines, short ads in local movies, radio and TV, and via local exhibitions and displays. The cost of advertising differs according to the medium, but it is generally expensive; the current rates are listed below:

**Newspaper:**

| | |
|---|---|
| *LeSoleil* | |
| One full page | CFA 400,000 |
| 1/2 a page | CFA 250,000 |
| 1/4 of a page | CFA 150,000 |

**Magazines:**

| | |
|---|---|
| *LeMoniteur Africain* | |
| One full page | CFA 150,000 |
| 1/2 a page | CFA 80,000 |
| 1/4 of a page | CFA 40,000 |
| *Voix d' Afrique* | |
| One full page | CFA 300,000 |
| 2/3 of a page | CFA 225,000 |
| 1/3 of a page | CFA 150,000 |
| 1/6 of a page | CFA 75,000 |

**Radio:**

| | |
|---|---|
| *Chaine Nationale* | |
| up to 45 seconds | CFA 5,000 to CFA 8,000 |
| up to 1 1/2 minutes | CFA 6,000 to CFA 10,000 |
| up to 3 minutes | CFA 7,500 to CFA 12,000 |
| up to 5 minutes | CFA 10,000 to CFA 15,000 |
| up to 15 minutes | CFA 15,000 to CFA 20,000 |
| *Chaine Internationale* | |
| up to 30 seconds | CFA 5,000 to CFA 8,000 |
| up to 1 minutes | CFA 6,000 to CFA 10,000 |
| from 1 to 3 minutes | CFA 7,500 to CFA 12,000 |
| from 3 to 5 minutes | CFA 10,000 to CFA 15,000 |
| from 5 to 15 minutes | CFA 15,000 to CFA 20,000 |

## Transportation and Utilities

### *Ports and Waterways*

The excellent natural port at Dakar prompted the French to develop Senegal's transportation system to serve as a gateway to neighboring landlocked West African countries. The port at Dakar can handle ships with drafts of 33 feet. It has berths for 40 ships, quiet water anchorage spaces for 60 ships, various heavy cranes and other cargo handling equipment, petroleum pipelines and storage, refrigerated and unrefrigerated warehouses, and facilities for transshipment of bulk materials. Farrell and Delta Lines are the only American steamship lines serving Dakar, calling every 4–8 weeks. There is a secondary port at Saint-Louis and river ports at Kaolack and Ziguinchor. The Senegal River is usually navigable 6 months of the year. Ships with a draft of less than 10 feet can travel from Saint-Louis 600 miles upstream to Kayes, Mali.

### *Air Transportation*

The Yoff International Airport of Dakar is a crossroad for air routes between Sub-Saharan Africa, Western Europe and the Americas. Pan American has three weekly flights to and from New York. Direct flights to Europe, South America and Africa are made daily by Air Afrique, Air France, Alitalia, and Swissair. Other airlines serving Dakar include, Lufthansa, Sabena, British Caledonia, Iberia, Aeroflot, Air Mali, Air Guinea, Ghana Airways, and Mauritania. Runways and other facilities are adequate for long-range jet transports such as the Boeing 707 and 747. Domestic air service operated by the government-owned Air Senegal includes regularly scheduled flights to 13 of the 17 airfields in Senegal.

### *Roads*

The road network consists of about 13,000 kms of roads, (2,500 paved). Most of the roads are old

and poorly maintained. The three major road axes start from Dakar. One is the coastal road running north towards Saint-Lou's and Mauritania, one runs south toward Ziguincher via Kaolack and The Gambia, and the third runs east to Touba.

In 1976 Senegal had 61,000 registered vehicles. The truck fleet is old and in need of replacement. Entry into truck operations is restricted by a stringent licensing policy and road-user charges.

### *Railroads*

The railroad is the dominant means of freight transportation. It moves two-thirds of Senegal's freight and a major percentage of Mali's imports and exports. The 1,150 km.-long meter gauge system consists essentially of two lines: one connecting Dakar with Saint-Louis via Thies and another connecting Dakar with Kedira and Mali. The railroad's two major functions are the delivery of imported goods to Mali and eastern Senegal and the movement of phosphate from the mines near Thies to Dakar for export.

### *Utilities*

Electric current: A.C., 50 cycles, 110/220 volts, 1,3 phases, 2,3,4 wires. Senegal has an installed electric capacity of 110 million kilowatts, all generated by thermal power installations. Consumption is expected to reach between 570 and 760 million kilowatt hours in 1980. Seventy-four percent of the demand will be needed for industry, 20% for household appliances and 6% for lighting. The current electricity rates are as follows:

110V - CFA 57.69 per kW
220V - CFA 30.54 per kW

Water supply and distribution systems exist in 37 cities and secondary centers. Only Dakar and St. Louis have sewage systems. About 30% of the population in the Dakar-Cap Vert area is supplied by service connections, and 70% depend on water from public wells. In rural areas, water is supplied by wells built by the Ministry of Rural Development. The current water rate is CFA 115 per cubic meter.

## Investment in Senegal

### *Investment Climate*

Foreign investment in Senegal is dominated by the French. Most large commercial or manufacturing operations in Senegal are either directly or indirectly French controlled. The U.S. Embassy estimated U.S. investment in 1976 at $30 million. This investment is concentrated in banking, phosphates, and oil. The Government of Senegal is eager to diversify its sources of investment and welcomes private U.S. involvement in Senegal.

Senegal's 1972 Investment Code is designed to stimulate private development of the economy. All private investors are guaranteed the right to own land and repatriate capital and profits in hard currency to their home country. Further, no foreign investor may be discriminated against through taxes or regulations other than those which apply to Senegalese nationals engaged in the same type of enterprise as the foreign investor.

In addition, investments receiving the status of "priority undertakings" may be granted duty-free importation of original machinery needed to begin operations for 3 years, duty-free importation of spare parts for up to 5 years, reduction of duty on importations of raw materials, and exemptions from various land revenue and corporate taxes. The exact package of exemptions and their duration must be negotiated for each project and legally established by decree.

To qualify as a "priority undertaking" an investment must exceed $500,000 or create at least 50 permanent jobs for Senegalese. Further incentives allow priority status for projects listed in the National Development Plan or established outside the capital region. In addition, significant, further incentives—including exemption from all profit taxes for up to 8 years—are offered to investors in the sectors of agriculture and tourism.

Even more generous concessions are available to export industries which locate in the Dakar International Free Trade Zone; incentives offered include total fiscal exemptions, freedom to transfer invested capital and income and freedom to recruit local and expatriate staff. A firm must invest $800,000 and create jobs for at least 150 Senegalese to be eligible for the Zone. Smaller projects may be undertaken outside the zone by foreign or Senegalese investors under the existing Senegalese Investment Code with less generous conditions.

Foreign direct investments in Senegal (greater than 20% of the capital of a company whose shares are quoted on a stock exchange) must be declared to the Minister of Finance who then has 2 months from receipt of the declaration during which he may request postponment of the projects submitted to him.



### *International Agreements*

Senegal is a signatory of the Convention of the Settlement of Investment Disputes Between States and Nationals of Other States which also has been ratified by the United States. Senegal and the United States also have concluded an Investment Guarantee Agreement. This agreement makes available the investment services of the U.S. Overseas Private Investment Corporation (OPIC) to U.S. investors approved by the Government of Senegal.

### *Industrial Property and Copyright Protection*

**Patents and Trademarks.**—Senegal is a member of the *Office Africain et Malagache de la Propriete Industrielle* (OAMPI), through its affiliation with the *Organisation Commune Africaine et Malagache* (OCAM). OAMPI established a common system for obtaining and maintaining protection for patents, trademarks, and industrial designs among its member states (Central African Empire, Benin, Gabon, Ivory Coast, Mauritania and Mauritius). Inquiries and application for patents, trademarks and industrial designs should be directed to *Office Africain et Malagache de la Propriete Industrielle,* Yaounde, Cameroon.

Senegal is a member of the "Paris Union International Industrial Property Convention" (patents and trademarks). U.S. citizens thus are entitled to national (equal) treatment under that country's laws in maintaining their patent and trademark rights. They are also entitled to certain special advantages such as a 1-year preservation of patent filing rights after first filing in the United States (6 months for trademarks) and protection against arbitrary cancellation of patents as well as trademarks in Senegal are valid for 20 years.

**Copyright.**—Senegal is not a party to any copyright convention to which the United States adheres. Senegal is a member of the Berne Copyright Convention. However, U.S. authors may receive automatic copyright protection in Senegal for a work if it is published in one of the 50 other countries adhering to the Berne Convention at the same time that it is first published in the United States.

Further general information on industrial property and copyright protection may be obtained from the Foreign Business Practices Division, International Economic Policy and Research, U.S. Department of Commerce, Washington, D.C. 20230. Information related to step-by-step procedures on fees, documents, etc., however, should be secured by consulting legal counsel.

### *Business Organizations*

Foreigners are permitted to operate in almost all sectors of the Senegalese economy and are active in industry, agriculture, tourism, and services. There are some restrictions on participation in the fishing industry. The Government encourages Senegalese participation, either public or private, in most large foreign investments.

### *Taxation*

The present system of taxation in Senegal is a mixture of direct and indirect taxes and is quite complicated. The major taxes are listed below.

**Business Profit Tax (BPT).**—The BPT applies to net profits of industrial, commercial or agricultural undertakings whether the profits are derived from a corporate or unincorporated enterprise. The BPT has a different rate for companies than for individuals. Incorporated enterprises are subject to a flat 33.3%. The assessment of individuals is graduated: the first CFA 100,000 of profits is exempt; the next CFA 50,000 is subject to 10% tax; and all profits above CFA 150,000 are subject to 20% tax.

**Personal Income Tax.**—There are three taxes on gross salaries and wages, all withheld by the employer. The "housing tax" consists of a 2% deduction from the employee's gross salary and a 2% payroll tax on that part of gross salaries which do not exceed CFA 45,000 per month. There is also a "lump-sum" payroll tax of 17% on gross salaries and wages. Finally, there is a "development tax" of 3% on taxable incomes between CFA 230-360,000 and 8% for those above.

Business and professionals are subject to a licensing fee *(patente)* which is a flat fee based on a complex classification table and a proportional rate (generally 10%) on the rental value of buildings used in the business or profession.

Finally, there is a 16% tax on income from movable capital (securities, bank deposits, etc.) and two exceptional levies on companies: a 5% levy on reserves and a CFA 400,000 lump-sum, minimum tax which, for companies paying BPT, can be applied against the BPT due.

**Indirect Taxes.**—Indirect taxes have traditionally been, and will remain, the mainstay of Senegal's tax system. Import and export taxes, the most important of the indirect taxes, have been discussed in the section on trade regula-

tions. The Internal Sales Tax (IST) is a hybrid of two types of sales taxes, the production tax and the value added tax (VAT). The basic tariff of the IST on domestic sales is 9.89%; exports are not subject to IST. There are also a number of excise taxes on selected goods; for example, alcohol, tobacco, cola nuts, and oil products. Registration and stamp taxes also exist.

**Avoidance of Duplicate Taxes.**—The United States does not have a tax treaty with Senegal. Under U.S. law, however, American companies operating in Senegal may claim a credit against U.S. taxes due for the taxes paid to Senegal.

### *Employment*

**Labor Force.**—There has been no comprehensive census of the economically active population. It is estimated, however, that the working population (people between the ages of 15 and 65) numbers 2 1/4 million, with 75-85% engaged in rural activities. In the modern economy there are approximately 65,000 wage and salary earners in government employment and 75,000 in private employment. Of those employed in the private sector, approximately 90% were Senegalese and other Africans, and only 1.5% were women. Africans predominated heavily in middle-level and upper middle-level positions, but in jobs requiring high technological qualifications employment of non-Africans was still high. Unemployment in the major cities has become a serious problem.

In March and July 1973, the Government of Senegal announced an accelerated policy of "Senegalization," the replacement of foreign workers by trained Senegalese. Firms are required to set reasonable goals for Senegalizing within a stated time frame and to report their accomplishments regularly to the Government. Most firms are complying with this policy, and the Government appears satisfied with the progress of the program. The National Confederation of Senegalese Workers (CNTS) has been established as Senegal's single labor union. Under the officially announced doctrine of "responsible participation"—workers' input to formulation of national economic policy—the union accepted limits on the right to strike.

**Payment and Benefits.**—Senegal's new minimum wage, 110 CFA francs per hour ($.45), is higher than that of many other countries at the same level of development. The latest increase for civil servants ranges from 60% for the lowest paid categories (12,000-15,000 CFA per month) to 3% for the highest (over 150,000 CFA per month). Private employers are "encouraged" to follow the wage scale set by the Government. Vacation is calculated at 18 working days per year. In addition, Senegalese workers receive 12 paid holidays annually.



## Guidance for the Business Traveler

### *Correspondence and Communication*

French is the official and commercial language of Senegal. Most local businessmen and government officials do not speak or correspond in English.

Business correspondence is normally conducted by air mail, which arrives from the United States several times weekly. Transit time generally averages 4 and 6 days. International airmail letters from the United States to Dakar cost $0.26 for a letter weighing one-half ounce; airform letters cost $0.18.

Cables are frequently used to supplement airmail communications. In estimating the time of arrival of a radio or cable message in Dakar, 6 hours should be added to the time of dispatch (Eastern Standard Time). For telegrams, the full rate per word from all places in the United States is $0.43, subject to a seven-word minimum. For letter telegrams, there is a minimum charge of $3.74 for 22 words; each additional word costs $0.17. Telex facilities are available and are extensively used.

Local telephone service is unevenly distributed and centered in Dakar. Long distance circuits are congested and the rates are expensive. Service between Dakar and the United States is via radio link and costs about $12 for 3 minutes. From 2:30–4:00 p.m. Dakar time, it is direct to New York. At other times calls pass through Paris.

### *Entrance Requirements*

A valid U.S. passport and a visa are required for U.S. citizens traveling to Senegal. Application for a visa may be made by mail or in person to the Senegalese Embassy, 2112 Wyoming Avenue, N.W., Washington, D.C., 20008, or the Senegalese Mission to the United Nations, 51 E. 42nd Street, New York, New York 10017. The visa application should be submitted in duplicate with a passport size photograph attached to each. An international health certificate showing vaccination against smallpox and yellow fever must accompany the application. If the applicant is traveling on business, a letter from his firm is also required with the application. There is a fee of $1.80 for an entry visa good for a stay of up to 3 months. For a longer stay, an extension may be issued in Senegal by the Ministry of Interior. Visas are valid for 3 months from the date of issue. All fees plus money to cover return registered airmail must accompany applications made by mail.

### *Business Hours*

Business hours for firms and government offices are 8:00 a.m. to 12 noon and 2:30 to 6:00 p.m. Monday through Friday and 8:00 a.m. to 12 noon on Saturdays. U.S. Embassy hours are 8:00 a.m. to 12:30 p.m. and 2:30 to 6:00 p.m., Monday through Friday.

### *Holidays*

Commercial holidays observed in Senegal include: January 1 (New Year's Day), March 26 (Mawloud)*, March 31 (Easter Monday), April 4 (Senegalese Independence Day), May 1 (Labor Day), May 8 (Ascension Day), May 19 (Pentecost), August 15 (Assumption Day), October 7 (Korite)*, November 1 (All Saints Day), December 15 (Tabaski)*, December 25 (Christmas). Days marked by an asterisk are moveable each year.

## Diplomatic Representation

### *Government of Senegal*

Embassy of the Republic of Senegal
2112 Wyoming Avenue, N.W.
Washington, D.C. 20008
Tel: (202) 234-0540

Permanent Mission of Senegal to the United Nations
51 East 42nd Street
New York, New York 10017
Tel: (212) 661-8866

### *Government of the United States*

American Embassy
Avenue Jean XXIII
B.P. 49
Dakar, Senegal
Tel: 20206 and 20685

# Market Profile—SENEGAL

### *Foreign Trade*

**Imports.**—$576.4 million, 1975; $448.6 million, 1974. Major suppliers, 1975: France, 42.7%; West Germany, 5.5%; U.S., 6.6%. Leading imports: food (rice, sugar), metals, machinery. From U.S.: food (mainly rice), capital equipment.

**Exports.**—$412.6 million in 1975; $361.6 million in 1974. Principal market, 1975: France, 51.4%. Principal exports: peanuts, phosphates, fish.

**Trade Policy.**—Associate member of European Economic Community (EEC). Signatory of Economy Community of West African States (ECOWAS).

**Trade Prospects.**—Promising market possibilities for capital goods, heavy construction, food processing, hotel equipment, leisure goods, irrigation, materials handling, fishing, refrigeration and air conditioning equipment, selected consumer goods.

### *Foreign Investment*

Principally French. American investment includes distribution facilities of three petroleum companies, offshore petroleum concession, phosphate extraction, seafood freezer plant, vegetable growing, housing and hotel project, and minority interests in four commercial banks. Investment Guaranty Agreement with U.S. in force. Liberal new investment code enacted in 1972.

**Investment Prospects.**—Mineral exploration, cotton, fishing, livestock and tourism look promising.

### *Finance*

**Currency.**—CFA francs (246 CFA francs=US$1), issued by the Central Bank of West African States (BCEAO). France guarantees unlimited convertibility of CFA francs into French francs. Money and near money supply $456.7 million, June 1976.

**Domestic Credit and Investment.**—Four commercial banks, a national development bank, and a French public institution offer predominantly short-term credit, mainly for peanut crop. A national financial assistance and guarantee corporation assists new Senegalese firms with term lending.

**National Budget.**—FY 1977/78, $629 million. 54% of budget financed from internal revenues, rest from foreign aid.

**Foreign Aid.**—Extensive aid including technical assistance from IBRD, UN, EEC, principally France. U.S. furnished $7 million loan in 1975 for agricultural development.

**Balance of Payments.**—$19.6 million deficit registered in 1975.

### *Economy*

Subsistence agriculture, heavily dependent upon peanuts, recovering from long drought. Industrialized base operating below capacity. Phosphate mining important.

**GNP.**—$1,469 million 1975, $296 per capita. About 38% from trade-finance, 30% from agriculture, 16% from manufacturing.

**Agriculture.**—Bad weather and poor prices caused diversification from peanuts into fruit, vegetable, cotton, fish, livestock for export. Millet, sorghum, rice cassava, sweet potatoes, corn, cowpeas grown for local consumption. New projects set to increase rice, sugar cane and cotton output.

**Industry.**—Probably 90% controlled by foreign and semipublic enterprises. Over 200 firms, mainly processing raw materials into finished products for export and consumption.

**Commerce.**—French influence predominates. Foreign private sector centered in Dakar. Government pushing Senegalization; industrial estate planned for Dakar.

**Tourism.**—Most promising sector of economy; total number of tourist class hotel rooms in Dakar is 2,000. Government hopes to have 5,300 hotel rooms by 1977. Senegal is expecting about 368,000 tourists in 1981, compared to 129,000 in 1975. Six hotel projects being developed.

**Development Plan.**—Fifth 4-year plan, 1977–81, anticipates capital investments of $1.7 billion. Emphasizes agriculture, tourism, large industrial projects; anticipates 5.8% annual growth rate.

### *Basic Economic Facilities*

**Transportation.**—Africanized for the most part. About 61,000 vehicles on about 13,000 kms of roads (2,500 paved) appear to be sufficient. Railroad (1,150 Kms) being modernized. International airport at Dakar; 16 lesser airports. National airline, Air Senegal. Major port, Dakar; other ports, Kaolack, Ziguinchor and St. Louis. New road projects represent 50% of new infrastructure investments.

**Communications.**—Press, newsreel, wire, TV, and radio services represented. About 30,000 telephones in service. Member Intelsat.

**Power.**—Installed capacity over 110,000 kW, all thermal. Total consumption 350 million kWh in 1973. Becoming inadequate due to phosphate mining demands.

### *National Resources*

**Land.**—75,000 square miles, about the size of South Dakota, mostly high plains, semidesert; laced by four rivers.

**Climate.**—Four climate zones. July to October rainy season average 60 inches.

**Minerals.**—Calcium phosphate production (1977) 1.5 million metric tons (MT), aluminum phosphate production 240,000 MT; limestone, titanium, and salt.

**Forestry.**—About 27% of total land, unexploited.

**Fisheries.**—Fastest growing sector, second in importance after peanuts. Over 360,000 MT landed in 1976 from territorial waters extended 110 miles.

### *Population*

**Size.**—5.2 million (1977), 2.6% annual growth rate; 35% urban. Dakar, the capital, 800,000; Thies, 100,000; Kaolack 50,000; Rufisque 50,000; Saint-Louis 87,000.

**Language.**—French.

**Education.**—Literacy rate, 5–10%. About 24% of school-age children attend over 500 schools, approximately 340,000 students in 1972. University at Dakar.

**Labor.**—1.9 million; 80% in the primary sector (agriculture, livestock raising). About 170,000 wage and salary workers. Labor highly organized.

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# Market Profiles for Africa

Supersedes OBR 76–51

DEPARTMENT OF COMMERCE • UNITED STATES OF AMERICA •

U.S. Department of Commerce
Industry and Trade Administration

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## Introduction

This publication contains a series of one-page summaries of 44 Sub-Saharan African countries. This comprises all of the continent south of the five African countries bordering the Mediterranean. The combined population of this area is approximately 399 million.

In 1977, U.S. exporters supplied $3.24 billion of goods to the area, with U.S. market shares averaging 6–12 percent. The economic situation improved in 1977 due to increased commodity earnings at higher prices. The outlook for 1978 appears promising provided external demand for commodities, stable oil prices, and favorable weather continue.

Many African governments have ambitious national development plans which require imports of heavy equipment. Emphasis is on industrial and agricultural diversification, infrastructure, and processing of local raw materials and minerals. Best sales prospects are: Construction, road building, mining, agri-industrial equipment, health industries and communications.

The United States had a record $7.3 billion deficit with Sub-Saharan Africa for 1977. This was principally due to large imports of crude oil from Nigeria; coffee and cocoa from the Ivory Coast, Uganda, Angola and Gabon; with various raw minerals and agricultural products contributing to the remainder of this deficit.

Department of Commerce sponsored trade promotion events in the region are planned to assist the U.S. businessman increase sales and simultaneously reduce the trade deficit. The Department and its 43 district offices are prepared to provide additional economic and commercial information on Africa and on these trade promotion events.

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# Market Profile—ANGOLA

### *Foreign Trade*

**Imports.**—$480 million, 1975; $614 million, 1974. Principal suppliers, 1975: Portugal, 30.5 percent; Germany, 10.4 percent; U.S., 15 percent; U.K., 9.5 percent; France, 12.0 percent; Japan, 5.4 percent. Major imports: Industrial and construction machinery, tractors, transportation equipment, iron and steel products, cotton textiles. From U.S: iron and steel tubes and pipes, construction and mining machinery, textile fabric waste, internal combustion engines, heating, and cooling equipment, telecommunications equipment, tractors and rice.

**Exports.**—$945 million, 1975; $1,202 million 1974. Major markets 1975: U.S., 51.0 percent; Portugal, 14.0 percent; Japan, 12.1 percent; Spain, 5.5 percent. Main exports: petroleum, coffee, diamonds, iron ore, cotton, corn. To U.S: petroleum and coffee.

**Trade Policy.**—No defined central policy. Civil war continuing, with competing groups (MPLA, FNLA and UNITA) controlling separate areas of Angola. Import quota system with license requirement in effect.

**Trade Prospects.**—U.S. Consulate General closed in 1975. Because of continuing civil war and uncertain economic and political outlook, all transactions with the public and private sectors should be on the basis of irrevocable letters of credit or other assured payments method.

### *Foreign Investment*

Long-term prospects for U.S. investment uncertain due to lack of clear Angolan Government guidelines. Stringent regulations issued in 1977 upon foreigners residing in Angola.

### *Finance*

**Currency.**—Angolan escudo (US$1 = 27.47 Angolan kwanza). Money supply was $1,450 million at end of 1974.

**Domestic Credit and Investment.**—Most commercial banking handled by Banco de Angola. Normal credit channels disrupted because of civil war. Banks were nationalized during 1975.

**National Budget.**—1973 budget was balanced at $500 million.

**Foreign Aid.**—Extent of foreign aid unknown since Angola became independent November 11, 1975. $50 million Bank of Brazil credit announced in 1976. Considerable Cuban aid given since 1976. Arabs loaned $13 million during 1977.

**Balance of Payments.**—Surplus in 1976 and likely in 1978 due to petroleum and coffee prices.

### *Economy*

Heavily dependent on petroleum and agriculture. Developments in mining sector enabled light industrialization. GNP (at current prices) was estimated at $2.8 million and per capita GNP at $480 in 1973. Business conditions reported very unsettled during 1977.

**Agriculture.**—Main cash crops: Coffee, sisal, cotton, sugar, wheat and tobacco; coffee production down 65–70 percent in 1976 from pre-war output of 220,000 tons.

**Industry.**—Cement plants, paper mill, tire factory, and factories processing agricultural products. Output drastically curtailed because of effects of civil war and shortage of raw material.

**Mining.**—Petroleum production had risen back to 123,000 barrels/daily in August 1976. Petroleum accounts for 80 percent of Angola's export earnings. Reserves estimated at 300–600 million tons. National oil company (SONANBOC) set up to supervise production and distribution. Diamond production at 15 percent of normal levels during 1976.

**Commerce.**—Rate of price inflation estimated at 12 percent in 1974. Numerous nationalizations within private sector since 1974.

**Development Plan.**—Three-year plan was scheduled to be announced in 1977.

### *Basic Economic Facilities*

**Transportation.**—In 1974, Angola had 72,323 km. of road, of which 8,371 were paved; had 183,031 motor vehicles in 1973. Services of Benguela Railway continued to be interrupted in 1976; Port of Luanda placed under Government control in March 1977; dock handling efficiency greatly decreased. Local TAAG airline has scheduled flights only in MPLA-controlled area; no service to central and southern Angola. New international airport at Catumbela to open in mid-1978. Twice weekly flights to Moscow from Luanda.

**Communications.**—Telephone system somewhat inadequate. More important urban centers linked by radiotelephone and telegraph; facilities for international communications through Luanda and Lobito to Lisbon. French are re-equipping national telecommunications network.

**Power.**—Consumption in 1973 was 914.5 million kWh, primarily hydroelectric. Great potential for electricity development. Construction on Calueque Dam of the Cunen Project suspended in September 1976.

### *Natural Resources*

**Land.**—Area of 481,351 square miles is mostly high land and plateau. About twice the size of Texas.

**Climate.**—Tropical climate moderated by plateau and cool ocean current. Tropical in extreme north; semi-arid in south.

**Forestry.**—Moderate reserves; conservation necessary: 181,961 tons of wood exported in 1973; falling production since then.

**Fisheries.**—Main fishing centers are Mocamedes and Lobito. Catches of 599,109 tons in 1972 and 467,270 tons in 1973. Most of fishing fleet of 941 vessels destroyed in recent years. Russian-Angolan joint fisheries company to be established during 1978.

### *Population*

**Size.**—5.8 million (1971 estimate), including 700,000 Europeans. Overall annual growth rate about 2 percent. Principal cities in 1970: Luanda, the capital, 350,000; Nova Lisboa 75,000; Lobito, 60,000.

**Language.**—Portuguese is official.

**Education.**—Literacy rate is about 15 percent. System disrupted due to civil war and exodus of Portuguese.

**Labor.**—Skilled labor force estimated at 250,000 Africans in 1972.

# Market Profile—BENIN

### *Foreign Trade*

**Imports.**—$222.7 million in 1976, $191.1 million in 1975. Major supplier 1976: France, 31.5 percent; West Germany, 7.7 percent; Netherlands, 7.0 percent; U.S., 6.7 percent. Principal imports: textiles, leather articles, machinery, food, other manufactures. From U.S: leaf tobacco, used clothing.

**Exports.**—$50.9 million in 1976; $53.1 million in 1975. Major markets 1976: France, 21.8 percent; Nigeria, 14.0 percent, West Germany, 10.1 percent; U.S., 2.7 percent. Principal exports: Palm and palm kernel oil, cotton and coffee. To U.S: palm kernel oil.

**Trade Policy.**—Associate member of European Economic Community (EEC). Member of Economic Community of West African States (ECOWAS) and one of the five members of the Conseil de l'Entente. Signatory of the Lomé Convention.

**Trade Prospects.**—Capital goods for mineral exploration and exploitation, agro-industrial processing and textiles offer the best potential.

**Foreign Investment.**—Recent trend toward more government influence over foreign investment, with state control over strategic industries. Petroleum and banking sectors nationalized. U.S. banking and petroleum interests affected. Investment guaranty agreement with the United States in force.

**Investment Prospects.**—Limited to peanuts, cotton and other agricultural processing, mineral exploration, tourism and related services.

### *Finance*

**Currency.**—CFA franc (244 CFA francs = U.S.$1) issued by the Central Bank of West African States (BCEAO) which serves six member nations of the West African Monetary Union. France guarantees unlimited convertibility of CFA francs into French francs. CFA franc floating with French franc. Money and near-money supply, $111.5 million in September, 1975.

**Domestic Credit and Investment.**—Three commercial banks nationalized in June 1975 and combined into one state bank. A separate investment budget is financed by a National Lottery. Credit to private sector increased by 28 percent in 1974.

**National Budget.**—$52.2 million revenue, $4.2 million deficit in 1974. Frequent deficits ranging from $3.2 to $7.6 million annually since independence (1960) on budget of $17 to $49 million. Central Government salaries, administration and education account for over 80 percent of expenses.

**Foreign Aid.**—About $20 million annually. France, Germany and EEC are major contributors. U.S. participation on regional or multilateral basis in public works projects. Considerable World Bank and UNDP aid.

**Balance of Payment.**—Projected deficit of $7 million in 1975. Foreign exchange reserves $25.4 million in July 1975.

### *Economy*

Subsistence agriculture with exports of palm products and cotton. High hopes for mineral wealth.

**GDP.**—$440 million, $137 per capita in 1976. Agriculture contributes about 30 percent of GDP. Production has declined sharply over last few years due to adverse weather conditions.

**Agriculture.**—Subsistence cassava, yams, corn, potatoes and beans. Palm products, peanuts, coffee grown for export. Livestock important.

**Industry.**—Contributes about 20 percent of GDP. Processing of oil palm products is the major industry. Eighteen major enterprises include textile and cotton factories, beverage, furniture, hardware, paint, shoe manufacturing, shrimp freezing plants. Proposed: Peanut and cottonseed oil mills, ceramic complex, shirt factory and new textiles.

**Commerce.**—Retail trade predominantly local family traders, mostly women. Foreign trade dominated by large foreign firms, mostly French. Statutes governing state-owned and mixed companies revised in 1972 to improve production.

### *Basic Economic Facilities*

**Transportation.**—4,300 miles of roads (500 miles paved) and approximately 20,000 motor vehicles 1974; 395 miles of railroad. Deep-water port and jet airport at Cotonou. $12 million U.S. AID loan in 1974 to improve road to Niger.

**Communications.**—International cable and wireless communications available. Cotonou and all major cities have integrated dial telephone systems. Radio Benin broadcasts to about 23 receivers per 1,000 inhabitants. Newspaper circulation, 14,000; 6 theatres; 14 libraries.

**Power.**—Installed thermal capacity over 100 MW, 46 million kWh produced (1974). Agreement with Togo and Ghana provided import of 15 MW in 1974 and will eventually supply up to 50 MW annually from Akossombo hydro plant.

### *Natural Resources*

**Land.**—43,480 square miles, about the size of Pennsylvania. Hills and plateau extend north from coastal plain.

**Climate.**—Equatorial in south, tropical in north; rainfall plentiful April through July, less September to November.

**Minerals.**—Offshore oil not yet commercially significant. Some low-grade iron ore, phosphate, and limestone deposits.

**Forestry.**—Covers 20 percent of land area in the north. Due to inadequate transport, most lumber requirements are imported.

**Fisheries.**—Major industry with growth potential. Annual catch, 30,000 tons, is mainly river and coastal lagoon varieties.

### *Population*

**Size.**—3.2 million (1976), roughly 17 percent urban; 2.6 percent annual growth rate. The political capital, Cotonou, has 140,000 inhabitants; Porto-Novo, the official capital, 80,000; Abomey-Bohicon, 42,000.

**Language.**—French.

**Education.**—About 190,000 students. Approximately 20 percent of school-age children attend schools. Literacy rate 20 percent. New university.

**Labor.**—Labor force of 1.1 million, around 80 percent in agriculture, about 29,000 salaried workers with serious underemployment. Labor well-organized. Salaries fixed by mixed commissions.



# Market Profile—BOTSWANA

### *Foreign Trade*

**Imports.**—$207 million, 1976. Major supplier is South Africa; imports from U.S. $3.3 million, 1976. Principal imports: machinery, transport equipment, manufactured goods, food, chemicals, mineral fuels.

**Exports.**—$170 million in 1976; major market is South Africa; exports to U.S. $55.8 million in 1976. Principal exports: Diamonds and other minerals, livestock products (esp. beef), hides and skins, sorghum, beans.

**Trade Policy.**—Customs Union Agreement among Botswana, Lesotho, South Africa, and Swaziland provides for common tariff on all commodities. Generally, tariff barriers do not exist within Customs Union; preferences granted in selected items to the U.K. and other Commonwealth countries. Signatory of the Lomé Convention of 1975. Associate member of the EEC.

**Trade Prospects.**—U.S. export prospects best for agricultural, mining, transportation and communications equipment. Trend toward more diversified economy and greater import demand indicates a developing market for U.S. products.

### *Foreign Investment*

Growing international investment interest includes U.S. investment of $22.9 million (1974 est.).

**Investment Prospects.**—Government welcomes foreign capital. Best prospects in mining, tourism, processing local raw materials, and industries with primary markets in South Africa Customs Union (Botswana, Lesotho, Swaziland, South Africa). Investment guaranty agreement with United States in effect. Investment incentives and tax allowances available from government.

### *Finance*

**Currency.**—In mid-1976, the government established a national currency (the "pula") on a par with the South African rand (1 pula = 1 rand = US$1.21). Inflation rate is 15 percent.

**Domestic Credit and Investment.**—Commercial banking handled by branches of two banks incorporated in Botswana. National Development Bank provides credits for agricultural and other development purposes.

**National Budget.**—National recurrent budget for the fiscal year ending March 31, 1977, was approximately $76.5 million. The development budget financed primarily from international sources showed an expenditure of $50 million in the 1976–77 financial year.

**Foreign Aid.**—Total foreign aid totaling $43.1 million for fiscal year 1973 came from several sources, including the U.K., U.S., Denmark, Sweden, Canada, IBRD, UNDP, and various other private and public organizations.

**Balance of Payments.**—Balance of recorded trade (1975): $61.9 million.

### *Economy*

Predominantly livestock raising and subsistence agriculture, and major mining projects.

**GDP.**—$234.5 million (1974–75); $480 per capita. Annual growth rate 35 percent.

**Agriculture.**—Agriculture accounts for 32 percent of GDP; livestock and livestock products account for 60 percent of exports and are principal cash income of rural areas; principal crops are sorghum, maize, cereal, and nuts. Agriculture provides a living for 70 percent of the population.

**Industry.**—Agricultural processing, including an abattoir, tannery, furniture factory and brewery. Mining and related industry has become very significant. Mining industry accounts for 27 percent of GDP. Diamond mine opened in 1971; second to open shortly and coal mining began in 1973. Copper-nickel production started in 1974, soda ash, and gypsum production planned. Exploration continuing for additional mineral deposits.

**Commerce.**—1,250 commercial establishments (1972 est.). Traders often act as retailers, purchasers of local produce, or agents for foreign firms. Current price inflation rate about 12 percent.

**Development Plan.**—1973–78 Plan projects 14 percent annual growth rate, with a total development budget of $231.7 million; most financing already secured from external sources.

### *Basic Economic Facilities*

**Transportation.**—5,022 miles of road, of which 2,655 are classified as truck or main roads; 7,011 vehicles at end of 1972. Construction completed in January 1977, on U.S.-AID financed Botswana-Zambia Road. There were 394 miles of railway, 18 airfields and approximately 100 airstrips, largest facilities at Gaberones, Maun, Francistown, also Selebi-Pikwe and Ghanzi; direct air links with Johannesburg and Lusaka.

**Communications.**—7,259 telephones in 1975. System linked to South Africa, Southern Rhodesia and Zambia; automatic exchanges at Francistown, Gaberones, Lobatse, Orapa, Selebi-Pikwe, Matrelapye, Palapye, Serowel Kenya, Maun and Masane.

**Power.**—Power supplies at principal urban centers adequate; thermal stations at Francistown, Lobatse, Gaberones, and Selebi-Pikwe. 64.4 kWh of electricity generated in fiscal 1973.

### *Natural Resources*

**Land.**—220,000 square miles, consisting primarily of vast plateaus with average elevation of 3,300 feet; Kalahari Desert in southwest; Okavango swamps in northwest.

**Climate.**—Ranges from subtropical to temperate. Annual rainfall varies from 6 inches in the desert to 40 inches in the north and averages 18 inches; rainy season November to April.

**Minerals.**—Substantial known reserves of copper, nickel, diamonds, coal, soda ash, potash, salt gypsum, and semiprecious stones. Also small amounts of gold, iron, manganese.

### *Population*

**Size.**—719,000 (1976 estimate); annual growth rate estimated at 3 percent. Principal business centers: Gaberones, the capital 25,000, Francistown, 25,000; Lobatse, 15,000; and Selebi-Pikwe, 23,000 (1975 estimate).

**Language.**—Official and commercial language is English; Setswana is widely used.

**Education.**—Literacy about 35 percent, but education is receiving development emphasis; 161,293 in primary schools and 4,740 in secondary schools in 1971. Approximately 60 percent of the school-age population is enrolled.

**Labor.**—280,000 workers, 70 percent in subsistence agriculture. About 40,000 in wage employment in 1970; 20,000 employed in South Africa. Large increase in educational and training facilities to develop skills of indigenous labor.

# Market Profile—BURUNDI

### *Foreign Trade*

**Imports.**—$58.3 million in 1976, $61.7 million in 1975. Major suppliers are Belgium/Luxembourg, 18.1 percent; France, 12.8 percent; West Germany, 10.6 percent, Iran, 8.2 percent; U.S., 4.8 percent. Principal imports: vehicles and vehicle parts, electrical machinery, fuels and lubricants, textiles. From U.S: cereal preparations, vegetable oils, art works.

**Exports.**—$57.2 million in 1976, $31.9 million in 1975. Principal markets: U.S., 43.3 percent; West Germany, 17.1 percent; Belgium, 5.3 percent; U.K., 5.0 percent. Main exports: coffee, cotton, minerals, hides and skins. To U.S: coffee, shellfish.

**Trade Policy.**—Associate member of the European Economic Community (EEC). Grants preferential tariffs on selected EEC goods. Import licenses required on all goods, regardless of origin, usually freely issued. Trade with Rhodesia and South Africa prohibited. Border problems with Uganda disrupting routine trade.

**Trade Prospects.**—U.S. opportunities in road construction, mining, manufacturing, textiles, flour, small handtools, farm tractors and other utility vehicles, cigarettes, canned goods, paper and paper products, wines and spirits, and miscellaneous basic manufacturing chemicals.

### *Foreign Investment*

Mainly Belgian in export agriculture and mining. IBM, Texaco, and Mobil are U.S. companies doing mainly retail business. Investment Guaranty Agreement with United States Liberal investment code of August 1967 provides for reduced or suspended customs duties and import taxes, and other fiscal benefits and guarantees.

**Investment Prospects.**—Mining, tea, cotton, small-scale plants for making fertilizer, sisal bags, simple farm tools and food processing hold some promise. Hotel and tourism potential under study.

### *Finance*

**Currency.**—Burundi Franc (90BF = US$1). Exchange rates fixed by the Central Bank of the Republic of Burundi in terms of U.S. dollars in Brussels. Money and near-money supply (June 1976) approximately $48.1 million.

**Domestic Credit and Investment.**—Besides the Central Bank, a savings bank, a postal checking system and a development bank, there are three commercial banks, all with U.S. bank participation.

**National Budget.**—National budget for 1975 was $43 million; $5 million in deficit in 1974 following virtual balance in 1973.

**Foreign Aid.**—Approximately $40 million in 1975. One-third from Belgium; EEC, World Bank and UN agencies account for over half.

**Balance of Payments.**—$30.0 million surplus estimated for 1977. External public debt estimated for 1977 is $25.4 million, which includes disbursed funds only. Gross gold and foreign exchange reserves estimated at $78 million in 1977.

### *Economy*

Characterized by high population density, subsistence farming, undeveloped manufacturing sector, and heavy dependence upon foreign trade and assistance. Coffee is mainstay.

**GDP.**—$489.3 million (estimate); about $128.2 per capita. Per capita national income declining because of high population growth rate.

**Agriculture.**—Coffee accounts for about 80 percent of exports, cotton 4 percent and hides 10 percent. Main food crops are manioc, sweet potatoes, beans, corn, bananas, and sorghum.

**Industry.**—Small manufacturing sector includes some 30 enterprises, all in Bujumbura, all foreign-owned, all established before independence to serve Burundi-Rwanda-Eastern Congo and now operating considerably below capacity. Basic industries: food processing, metals, textiles, construction materials and chemicals.

**Commerce.**—Increasing number of Burundi citizens swelling retailer ranks. European subsidiaries and foreign entreprenuers concentrated in Bujumbura. Imports of certain staples restricted to national firms. Consumer price index estimate for 1977 is $176.

**Development Plan.**—First Development Plan (1968–72) achieved less than half its expenditures goals. Second Plan (1973–77) stresses agricultural sector. Total costs put at $180 million.

### *Basic Economic Facilities*

**Transportation.**—Lake Tanganyika used for virtually all imports and exports. Approximately 3,700 miles of road, 2 percent paved; International Development Association (IDA) $8 million highway maintenance project. Nation's 5,350 motor vehicles underutilized except during coffee and cotton export seasons. New national airline. International airport at Bujumbura. No railroads.

**Communications.**—Three radio stations; radio-telephone system improved in 1968 to include international and interior connections; approximately 3,500 telephones in 1970; two weekly French language newspapers in Bujumbura.

**Power.**—Small thermal plant inadequate; total consumption (1973) 25 million kWh, mostly in Bujumbura, 4 percent in Gitega; includes electricity imports from Zaire. Hydroelectric plant under study.

### *Natural Resources*

**Land.**—Landlocked country of 10,744 square miles, about the size of Maryland, 900 miles from nearest seaport. Very mountainous except for a flat plain near Bujumbura.

**Climate.**—Temperate because of high altitudes, although country is very close to Equator. Rainy season February to May and in December.

**Minerals.**—Limited production of bastnaesite (used in manufacture of color TV tubes), tungsten, cassiterite, gold and tantalite. UNDP survey has identified import nickel deposits; petroleum exploration continues.

### *Population*

**Size.**—4 million (1976), 5 percent urban; 2.2 percent annual growth rate. Bujumbura, the capital and largest city, has 160,000 inhabitants.

**Language.**—French.

**Education.**—Literacy rate 10 percent. Approximately 190,000 students (1970).

**Labor.**—Approximately 800,000, 95 percent agricultural, unskilled. Average minimum daily wage US $.64. Widespread underemployment.



# Market Profile—CAMEROON

### *Foreign Trade*

**Imports.**—$608 million in 1976; $557 million in 1975. Major suppliers in 1976: France, 44 percent; West Germany, 7 percent; U.S., 8 percent; Japan, 6 percent. Principal imports: industrial machinery, transport equipment, chemicals, mineral products, food products, rubber and plastic products. From U.S: machinery, road vehicles, transport parts, paper and paper products, chemicals.

**Exports.**—$508 million in 1976; $444 million in 1975. Major markets in 1976: France, 27 percent; Netherlands, 20 percent; West Germany, 9 percent; Italy, 5 percent; U.S., 3 percent. Principal exports: coffee, cocoa, wood, aluminum, cotton. To U.S: coffee, shrimp.

**Trade Policy.**—Associate member of European Economic Community (EEC) and one of four countries forming Central African Customs and Economic Union (UDEAC). Preferential duties for EEC imports ended January 1976.

**Trade Prospects.**—Government aims to diversify sources of supply to improve quality and range. Good immediate market for capital goods in support of infrastructure and industrial development.

### *Foreign Investment*

Mostly French. Expanding American interest. Investment guaranty agreement with U.S, 1964 Investment Code amended. U.S. firms have invested in petroleum and mineral exploration, construction, fishing, tourism, banking, transportation, and communications.

**Investment Prospects.**—Attractive investment climate, especially for pharmaceuticals, sugar refining, tropical agriculture, light manufacturing, forestry and aluminum.

### *Finance*

**Currency.**—Communaute Financiere Africaine (CFA) franc (235 CFA francs = US $1), issued by the Bank of the Central African States (BEAC). France guarantees convertibility of CFA francs which are floating with French francs.

**Domestic Credit and Investment.**—Besides the Central Bank, there are six commercial banks, the Cameroon Development Bank, National Investment Corporation, postal saving and checking system, a French public institution and a public credit company.

**National Budget.**—Fiscal year 1978 budget estimated at $550 million, up 7 percent from 1977. Stress placed on agriculture and infrastructure.

**Foreign Aid.**—Total development assistance reached $134.29 million in 1975. U.S. assistance to be $10.6 million in fiscal 1978.

**Balance of Payments.**—1976 balance of payments deficit of $12.2 million was substantial improvement over 1975. Some further improvement in 1977. Foreign public debt totaled $754 million in June 1977.

### *Economy*

Dynamic; based on traditional agriculture, expanding industrial sector.

**GNP.**—$2 billion at current market prices in 1976, $285 per capita; increasing growth rate, 5 percent in real terms for 1976: 33 percent from agriculture, 25 percent from commerce, 12 percent from manufacturing.

**Agriculture.**—Export crops: coffee (32 percent), cocoa (27 percent), cotton (3 percent), and rubber, bananas, palm oil, and peanuts. Food crops include cassava, plantains, sugar, millet, rice and sorghum.

**Industry.**—Concentrated at Douala, mostly subsidiaries of foreign companies. Aluminum smelter and rolling mill complex, textiles, wood and wood products, food processing and beverages, shoes, leather and plastic articles. Construction materials experienced greatest expansion in recent years.

**Commerce.**—French predominate. Cameroonization is policy, but only at a rate which does not disrupt the economy. Consumer price index 170 in June 1976 (1970 = 100).

**Development Plan.**—Fourth Five Year Plan (1976–81) projects total investment of $3 billion, $830 million from private sources. Emphasizes local production from natural resources for export.

**Transportation.**—State-run, 700 mile, meter-gauge, single track railroad, extends to N'Gaoundere in north. $16 million World Bank loan approved in 1974 to upgrade Douala-Yaounde link. Over 15,000 miles of roads, of which 900 are paved; $48 million World Bank loan in 1974 to improve and pave additional 300 miles. Douala, main seaport, congested; $100 million port improvement plan implemented. International airport at Douala, Yaounde Airport have been improved.

**Communications.**—Telecommunications system being expanded by U.S., British and French firms. Direct satellite telephone link with United States opened in 1974. Development Plan (1976–81) calls for $60 million in expenditures (60 percent externally financed).

**Power.**—Considerable hydroelectric potential. Over 1.2 billion kWh capacity production and consumption in 1976. Three new dams planned. $480 million to be expended 1976–81 according to current Plan.

### *Natural Resources*

**Land.**—183,500 square miles, larger than California, with four distinct regions: coastal plan, central plateau, mountains in the west rising to 13,300 ft., and savanna north toward Lake Chad.

**Climate.**—Generally equatorial, wet season May through October.

**Minerals.**—Important bauxite reserves, 1 billion tons. Oil prospecting continuing on land and offshore; some production has begun. Limited cassiterite, limestone, uranium, barium, lead, zinc, silver, sapphires, diamonds, copper, phosphates, tin, and gold. Indications of very high grade, extensive iron ore deposits in extreme south.

**Forestry.**—Tropical rain forests cover 50 percent of land area. Timber production 800 million cubic meters in 1975; Fourth Plan calls for investment of $83 million and annual production of 2.5 billion cubic meters. Ordinance issued 1974 requires that a minimum of 60 percent of logged timber must be transformed locally.

**Fisheries.**—Coastline of 185 miles with continental shelf 15 to 35 miles wide. Average annual landed catch near 23,000 tons. Five fishing companies operate from Douala; two involved in growing shrimp industry. Plan calls for $14 million expenditures (1976–81).

### *Population*

**Size.**—7.5 million in 1977, 25 percent urban. Estimated growth rate 2.2 percent. Douala, main commercial center 400,000; Yaounde, capital 250,000.

**Language.**—Officially bilingual, French and English, with former more important.

**Education.**—About 75 percent of school-age children attend school. Literacy rate, 15–20 percent. Plan calls for $140 million expenditures (1976–81).

**Labor.**—Well over 3 million in labor force. Considerable urban unemployment. Single labor federation. Salaries determined by government-management-labor commission. Tighter controls on expatriate labor and more generous worker benefits decreed in November 1974.

# Market Profiles—CAPE VERDE ISLANDS

### *Foreign Trade*

**Imports.**—$12.3 million, (1973); principally food (60–70 percent of food needs), jet and ship fuel.

**Exports.**—$.7 million (1973); principally canned fish, bananas, salt, pozzolana.

**Trade Policy.**—Country has stated its intent of abolishing preferences accorded Portugal; country also stated it intends to adhere to Lomé Convention; all imports currently under license.

**Foreign Investment.**—Agriculture is government priority. Fish processing and tourism offer possibilities.

### *Finance*

**Currency.**—Currency is escudo, 1 escudo = $.01473; $1.00 = 31.472 escudos; principal bank is Banko Nacional Ultramarino.

**National Budget.**—Recurrent, $12 million; development, $1.5 million.

**Foreign Aid.**—Prior to independence in 1975, Portugal assisted with $30 to $40 million annually. UNDP and UNICEF active.

### *Economy*

Largely subsistence agriculture; largest export has traditionally been people; Atlantic location has made islands a ship and plane servicing center.

**Agriculture.**—Severely affected by 7 years of drought; main crops are beans, corn, fruits, coffee, and sugar cane.

**Industry.**—Virtually non-existent; two fish processing plants offer expansion potential; islands are base for Japanese fishing fleet; several small consumer goods factories.

### *Basic Economic Facilities*

**Transportation.**—International, long-range jet airport at Sali, major ship refueling port at Mindelo. Cape Verde Air Transport links the islands; 611 miles of roads.

**Communications.**—External links by submarine cable and radio telegraph; 21,000 radio receivers.

### *Natural Resources*

**Land.**—10-island, 5-islet archipelago off West African coast; area, 1,557 square miles; volcanic in origin, poor arid soil.

**Climate.**—Hot, humid, rainfall sparse.

**Minerals.**—Two salt companies produce 18,000 tons annually; volcanic rock, pozzolana, is used in manufacture of hydraulic cement.

### *Population*

**Size.**—284,000 (1973); largest cities: Mendelo (29,000) on St. Vincent Island; Praria (40,000) capital.

**Language.**—Creole.

**Education.**—Supply of educated manpower high by African standards; 420 primary schools (55,062 pupils); 11 secondary schools (3,749 pupils).

**Labor.**—Workers industrious and intelligent; problem has always been lack of job opportunities.



# Market Profile—CENTRAL AFRICAN EMPIRE

### *Foreign Trade*

**Imports.**—$50.2 million in 1976; $67.5 million in 1975. Major suppliers in 1976: France, 49.8 percent; West Germany, 8.1 percent; Cameroon, 6.5 percent; U.S., 3.5 percent. Principal imports: Machinery and transport equipment, chemicals, textiles. From U.S: textile and leather machinery, tobacco, machinery and appliances.

**Exports.**—$81.1 million in 1976; $47.2 million in 1975. Major markets: France, 38.2 percent; Italy, 11.4 percent; Israel, 9.2 percent; U.S., 3.4 percent. Leading exports: Diamonds, coffee, wool, cotton. To U.S: Diamonds.

**Trade Policy.**—Associate member of European Economic Community (EEC) and one of four countries forming the Central African Customs and Economic Union (UDEAC). Common External Tariff reduced in 1970 by 30 percent (75 percent on pharmaceuticals).

**Trade Prospects.**—Best U.S. opportunities are in mining equipment, transportation equipment and agro-industries.

### *Foreign Investment*

Primarily French. U.S. private interest centers in diamonds and a commercial bank. Liberal investment code grants substantial incentives. New mining code. Investment guaranty agreement with United States since 1964. U.S. investment about $7.5 million in 1974. Petroleum sector, including U.S. interest, nationalized in 1974.

**Investment Prospects.**—Tourism, textiles, oil exploration, agricultural processing for export, mining, forestry and livestock.

### *Finance*

**Currency.**—CFA franc (244 francs = US$1) issued by the Bank of Central African States (BEAC), guaranteed by France. Money and near-money supply, $57 million in 1976.

**Domestic Credit and Investment.**—Central Bank, three commercial banks, and a national development bank.

**National Budget.**—$83.3 million budget for 1976 includes $17.5 million deficit. Preliminary figures indicate a budget of $87.9 million for 1975.

**Foreign Aid.**—France, Germany, and the EEC are major contributors. World Bank and UN are taking larger role.

**Balance of Payments.**—Improved trade balance due to rise in export prices; $1.3 million surplus in 1976, when foreign reserves totaled $20.9 million.

### *Economy*

Predominantly subsistence agriculture. Cotton and coffee are traditional foreign exchange earners but production of timber and diamonds is growing.

**GDP.**—Estimated at $394 million in 1976, per capita $179.

**Agriculture.**—Cotton and coffee provides about 4.5 percent of foreign exchange earnings. Cotton crop for 1973–74 was lowest in 8 years.

**Industry.**—Very small, numbering slightly more than one hundred firms. Relies heavily on expatriate management. Major manufacturing includes textiles, soap, cigarettes and food processing industries.

**Commerce.**—Primarily French-oriented. Africanization and austerity programs displacing foreign-owned firms. In May 1974 several French commercial companies and the entire petroleum distribution sector were nationalized.

**Development Plan.**—Current Five-Year Plan (1971–75) stresses export agriculture, stockraising, increased education, tourist facilities, greater lumber production and diversification of mineral exploration. Projected $280 million total investment, 32 percent from private sources.

### *Basic Economic Facilities*

**Transportation.**—Some 810 miles of east-west Trans-African Highway with 113 miles of paved roads. No railroad. Several studies underway for construction of railroad link to Atlantic Ocean. International jet airport at Bangui. Air Centrafrique, the national airline. River port at Bangui being enlarged.

**Communications.**—Modern $20 million microwave system being expanded to entire country; to be linked to Cameroon and possibly Chad. Government-operated radio; international radio-teletype, radio-telephone; domestic telephone and telegraph services available, but often inadequate.

**Power.**—Installed capacity of 14 megawatts in 1974 expected to rise to 26 megawatts with completion of Boali Falls hydroelectric project. Cost of electric power one of lowest in Africa.

### *Natural Resources*

**Land.**—242,000 square miles, slightly smaller than Texas. Landlocked in center of the African continent. Vast plateau drained by two major river systems. Equatorial rain forest in southwest, savanna characterizes remaining area.

**Climate.**—Hot and humid. Dry most of year but two rainy seasons: August through November and April through May.

**Minerals.**—Production of alluvial diamonds, 60 percent gemstone quality, down 16 percent to 286,000 carats in 1976. Significant deposits of iron ore, cassiterite, zinc, copper, and limestone as yet unexplored. In June 1975 the Societe d'Uranium Centrafricain was formed to exploit the uranium deposits at Bakouma.

**Forestry.**—Tropical forest covers 5.5 percent of total area. In 1976 production of 225,000 cubic meters of timber and exports was valued at $13 million. Annual growth rate of timber industry from 1969–74 was 24.2 percent.

### *Population*

**Size.**—2.2 million (1975) about 20 percent urban; average, six people per square miles. Annual growth rate, 2.3 percent. Principal cities: Bangui, the capital, 301,000; Berberati 93,000, and Bambari 35,000.

**Language.**—French, official language; numerous local ones.

**Education.**—Literacy estimated at 20 percent. About 200,000 students enrolled. Jean-Bedel Bokassa University established. $3.9 million World Bank (IDA), loan approved in 1972 for education development.

**Labor.**—80 percent in subsistence agriculture, 75,000 salaried in 1974. Monthly minimum wages on Bangui begin at $31 for unskilled workers.

# Market Profile—CHAD

### *Foreign Trade*

**Imports.**—$96.9 million in 1976; $122.7 million in 1975. Leading suppliers in 1976: France, 56.7 percent; Cameroon, 7.7 percent; Nigeria, 3.9 percent; U.S., 3.7 percent. Principal imports: fuel and lubricants, sugar, transport equipment. From U.S: Construction and mining machinery, motor vehicles, textile and leather machinery, air conditioners.

**Exports.**—$80.7 million in 1976; $51 million in 1975. Principal customers in 1976: Japan, 16.7 percent; France, 16.1 percent; Germany, 16.1 percent; U.S., 1.6 percent. Principal exports: cotton, meat and animals, hides and skins.

**Trade Policy.**—Signed Lomé Convention between EEC and 45 other developing nations. Associate member of the European Economic Community (EEC). Member of the Central African Customs and Economic Union (UDEAC).

**Trade Prospects.**—Earthmoving equipment, outboard motors, air conditioners, and cotton processing machinery best prospects.

### *Foreign Investment*

Very limited, primarily French. U.S. participation in one commercial bank, petroleum, exploration, gum arabic production and livestock raising. Investment guaranty agreement with United States since 1965. 1963 Investment Code encourages diversified foreign investment with generous tax and customs benefits.

**Investment Prospects.**—Limited opportunities in processing and exporting cotton, meat, and hides, tourism, transportation and mineral exploration.

### *Finance*

**Currency.**—CFA franc (244 CFA francs = US$1) issued by the Bank of the Central African States (BEAC), and tied to the French franc. France guarantees convertibility. Money and near-money supply $79 million in 1976.

**Domestic Credit and Investment.**—A central bank, three commercial banks and a government-owned development bank provide short- and medium-term financing.

**National Budget.**—1976 budget was $63.1 million.

**Foreign Aid.**—France provides 42 percent of non-military aid. External foreign assistance is a mainstay in the economy. U.S. AID programs stress increased food crop production and the United States continues to be a primary source of emergency food assistance. Others include the UN, EEC, and CARE.

**Balance of Payments.**—Improved trade balance in 1976 after precipitous decline in 1975. Long-term prospects clouded by continuing high cost of petroleum imports.

### *Economy*

Overwhelmingly rural. Development efforts especially on agriculture and livestock production seriously hindered by recent drought.

**GDP.**—$292 million for 1976, per capita $73.

**Agriculture.**—Livestock raising is the traditional occupation of central Chad. Cotton, the mainstay, responsible for about 80 percent of export value. Rice development project announced in 1974 by World Bank's International Development Administration (IDA) and African Development Bank for $11.4 million. Other important crops are millet, peanuts, sugar, dates and gum arabic. A sugar plantation and refinery are now being built in Banda with European Economic Community financial assistance. This refinery will expand sugar production by 30,000 tons.

**Industry.**—Primarily processing of raw materials and assembling. Recent American involvement in industry includes meat and hides manufacturing industry and soft drink bottling plant.

**Commerce.**—Oriented towards France but with more flexibility in recent years.

**Tourism.**—Game parks offer tourism potential.

**Development Plan.**—Draft 10-Year-Plan (1971–80) which had a goal of doubling real income was rejected as not sufficiently ambitious. The plan however was used by most international donors to base their development assistance plans. A new plan is now being prepared by the Government of Chad for implementation in 1978.

### *Basic Economic Facilities*

**Transportation.**—Nearly 7,400 miles of roads, 180 miles paved. No railroad. Approximately 40,000 vehicles in 1974. Heavy reliance on local and international air service.

**Communications.**—Telecommunications restricted to telephone and telegraph service between N'Djamena and other major towns and a few foreign plants. The U.S. Agency for International Development (AID) is financing a telecommunications project being undertaken by the Lake Chad Basin Commission composed of the four nations around the lake.

**Power.**—Inadequate and expensive. Installed capacity all thermal. Hydroelectric and geothermal energy sources under study.

### *Natural Resources*

**Land.**—496,000 square miles, almost twice the size of Texas. The largest landlocked nation in Africa. Mountains, savanna and desert ring the Lake Chad Basin.

**Climate.**—Hot with cool evenings. Rainy (June to October) and dry seasons to the south cause roads to be impassable for up to 6 months annually; desert to the north. Drought conditions since 1969 partially relieved by rains in 1974.

**Minerals.**—Natron, a low-grade salt, the only produced mineral; production limited by market demand. Tungsten deposits in the far north. Petroleum discovery in late 1975.

**Fisheries.**—One of the principal fresh water fishing zones in the world. Large quantities of fish are exported to Nigeria.

### *Population*

**Size.**—4.1 million (1976), concentrated in south and west, 12 percent urban. Annual growth rate 2.3 percent. N'Djamena, the capital, has 170,000 inhabitants; Moundou, Abeche, Sahr have between 30–40,000 each.

**Language.**—French, official language; Arabic prevails to the north.

**Education.**—Literacy rate is between 10–15 percent; approximately 30 percent of school-age children attend classes in over 400 schools. University established in 1971. Recent emphasis on vocational training for agricultural, commercial and industrial skills.

**Labor.**—Skilled manpower shortage. About 88 percent of population employed in farming (63 percent) or stockraising (25 percent). Labor code and minimum wage established during 1960s.



# Market Profile—CONGO (BRAZZAVILLE)

### *Foreign Trade*

**Imports.**—$488 million, 1975; $386 million, 1974. Major suppliers: France, 27 percent; Italy, 12 percent, U.S. 3 percent. Principal imports: machinery and transport equipment, foodstuffs, consumer goods. Imports from U.S. totaled $13.8 million in 1976 and $7.7 million during 1977 (9 mos. only).

**Exports.**—$270 million, 1975; $310 million, 1974. Major markets: France, 38 percent; U.S., 20 percent; Germany, 5 percent. Principal exports: petroleum, potash, timber products, sugar. Exports to U.S. totaled $55.2 million in 1976 and $15.3 million during 1977 (9 mos.).

**Trade Policy.**—Associate member of European Economic Community (EEC) and one of four countries forming the Central African Customs and Economic Union (UDEAC). Preferential tariff favoring EEC and franc zone ended in January 1976.

### *Foreign Investment*

Socialistic government. 1973 Investment Code follows liberal UDEAC model. U.S. interest limited to manganese, transport and storage. U.S. resumed diplomatic relations in 1977. Direct foreign investment of $50 million in 1975.

### *Finance.*

**Currency.**—CFA franc (235 CFA francs = US$1), issued by the Bank of the Central African States (BEAC), guaranteed by France. Money supply was $33.7 million in April 1977.

**Domestic Credit and Investment.**—Central Bank, four French-owned commercial banks, national development bank, postal savings and checking system and the Caisse Centrale de Cooperation Economique (CCCE-French public bank) foster steady domestic credit expansion.

**National Budget.**—Austerity budget announced for 1977 and likely for 1978. Fiscal receipts and customs duties increased during 1977. The contribution of state enterprises and of the enterprises partly under state control remained nil.

**Foreign Aid.**—France, the EEC, Mainland China, the U.S.S.R. are the main contributors, with an increasing role by the World Bank and the U.N.

**Balance of Payments.**—Continuing major deficits in 1976 and 1977. International reserves totaled $27.59 million in April 1977.

### *Economy*

Based on forestry, agriculture, and recently, mining and petroleum. An entrepot for Equatorial Africa.

**GDP.**—$600 million at current prices in 1976, or $430 per capita; about 5 percent annual growth rate 1967–74; −1.1 percent in 1975.

**Agriculture.**—Contributes about 18 percent of GDP. Mainly subsistence. Cocoa, coffee, palm kernels are cash crops.

**Industry.**—Contributes 32 percent to GDP. Predominantly forest products, mineral and food processing; particularly sugar, textiles and cement. A pulp-paper project is under study.

**Commerce.**—Mainly State enterprises. Petroleum distribution nationalized 1974.

**Development Plan.**—New development program reportedly in preparation.

### *Basic Economic Facilities*

**Transportation.**—Interstate transportation agency (ATC) plans improved service to inland neighbors, Chad and Central African Empire, with considerable Arab, European Economic Community and World Bank (IDA) assistance. Many navigable inland waterways, 285 km. of railway, and 10,800 km. of roads (300 km. surfaced). Railway realignment project underway costing $149 million. Pointe-Noire, main sea port; Brazzaville river port, both quite congested. Eight airports and about 30 minor airfields. National airline (Lina Congo).

**Communications.**—Automatic dial telephone in Pointe-Noire and Brazzaville. Radio, TV-Congo. International radio and wire communications available. About 75,000 radio receivers.

**Power.**—Nationalized utilities since 1967. Almost unlimited hydroelectric potential. Thermal units serve Pointe-Noire and Dolisi while hydro facilities for Brazzaville constitute 70 percent of installed capacity. Over 40,000 kW capacity; over 110 million kWh consumed 1972. Sowanda project (230 MW, expandable to 830 MW) under study. Bouenza dam (72 MW) to begin production during 1978.

### *Natural Resources*

**Land.**—About 132,000 square miles, about half the size of Texas, extending from the west coast of Africa northeast across the Equator. Rugged terrain between the coast and plateaus present an obstacle to transportation.

**Climate.**—Equatorial climate, hot and humid. Wet (February to May, September to December) and dry seasons. Rainfall decreases away from the coast.

**Minerals.**—Production of petroleum 2 million metric tons (MT) in 1976. Production in excess of 2.5 million MT will depend on new discoveries. Potash production 423,000 MT in 1976. Lead-zinc production 16,000 MT in 1976. Limited gold, copper production. Estimated billion ton high grade (60–66 percent) iron ore reserves in Zanaga.

**Forestry.**—Cover 50 percent of total area. Accounts for 20 percent of exports; 120,000 tons produced in 1976, should increase with new timber-port facilities. Veneer and pulp production becoming increasingly important.

### *Population*

**Size.**—1.4 million estimated in 1977, over 40 percent urban. Growth rate 2.7 percent per annum. Major cities: Brazzaville, the capital, 250,000; Pointe-Noire 90,000.

**Language.**—French.

**Education.**—80 percent of primary school-age children enrolled, one of the highest rates in Africa. Literacy rate 50 percent. University at Brazzaville.

**Labor.**—About 600,000 economically active, 80 percent in subsistence agriculture. About 16 percent unemployment.

# Market Profile—EQUATORIAL GUINEA

### *Foreign Trade*

**Imports.**—$21.6 million, 1974; $21.2 million, 1973. Major suppliers: Spain, 71 percent; France, 11 percent; U.K., 11 percent. Principally foodstuffs, beverages, tobacco, building materials, petroleum products, textiles, motor vehicles, medical and pharmaceutical goods. From U.S: foodstuffs.

**Exports.**—$42.7 million, 1974; $20.9 million, 1973; 53.3 percent to Spain in 1973. Leading exports: cocoa, coffee, wood. To U.S: cocoa.

**Trade Policy.**—Bilateral trade and payments agreement with Spain. Subsidized transportation rates accorded imports from Spain via Spanish shipping lines. Mandatory import licenses tied to foreign exchange availability.

**Trade Prospects.**—Desires to lessen dependence on Spain and reliance upon cocoa exports.

### *Foreign Investment*

Mostly Spanish and centered in cocoa and coffee on Macias Nguema (the island) and lumber in Rio Muni (the mainland). Minimal U.S. interest in mineral and petroleum exploration. Investment guaranty agreement with United States under consideration.

**Investment Prospects.**—Private foreign capital welcomed, but small market and confusing investment policy limits possibilities to export-oriented industry, manufacturing of basic consumer items, processing of agricultural products, and tourism.

### *Finance*

**Currency.**—Equatorial Guinean Ekpwele (Peseta) (68.85 EG Ekpweles = US$1), issued by Central Bank of Equatorial Guinea, is at par with Spanish peseta, although not convertible and not guaranteed. Money in circulation, $20.6 million in mid-1974.

**Domestic Credit and Investment.**—Central Bank and National Deposit and Development Bank have taken over all banking functions. Credit movements dominated by the cocoa interests.

**National Budget.**—$8 million (1974) est.); large deficit to be financed by suppliers' credits and aid from Spain.

**Foreign Aid.**—Spain major donor; small UNDP Program.

**Balance of Payments.**—Surplus of $11.2 million through June 1974. Net foreign exchange reserves $12.7 million (December 1973).

### *Economy*

Predominantly subsistence farming. Virtually no industry.

**GNP.**—$70 million or $240 per capita in 1972.

**Agriculture.**—Chief cash crops are cocoa and coffee (95 percent of exports). Low level of production due to interruption of foreign labor supply. Palm oil, bananas also produced.

**Industry.**—A small fishing fleet and fish processing plant supply local market; also a soft-drink bottling plant, soap factory, and several modest sawmills.

**Commerce.**—Government forced retail trade shift from expatriate Spanish, Lebanese, and Indian to local traders. Foreign trade dominated by larger Spanish firms and Government Marketing Board. Prices have risen steadily since independence in 1968, and there has been a shortage of most consumer goods. Gasoline rationing instituted in 1974.

### *Basic Economic Facilities*

**Transportation.**—Macias Nguema has about 94 miles of paved roads and 500 miles of unpaved secondary roads; there are about 625 miles of unpaved roads on the mainland; 1,000 vehicles. Port and airport at Malabo and Bata. Small local airline. $7.6 million port construction at Bata with French financing.

**Communications.**—Rudimentary shortwave links between Malabo and the mainland, Madrid, and Lagos. Government-owned radio and TV.

**Power.**—Installed capacity 7 MW, all diesel-generated; supply inadequate. Three megawatt expansion on mainland soon. Significant unexploited hydroelectric potential.

### *Natural Resources*

**Land.**—10,820 square miles, about the size of Maryland. The 1,250-square-mile island of Macais Nguema is very fertile.

**Climate.**—Equatorial, with alternating wet and dry seasons. Receives about 144 inches of rain a year, mostly May through October.

**Minerals.**—Several major oil companies have explored or are exploring offshore waters of Macais Nguema and Rio Muni, but as yet oil in commercial quantities has not been found. Aerial mineral survey conducted in Rio Muni.

**Forestry.**—Substantial tropical wood exported to Spain from Rio Muni, 260,000 metric tons annually before independence in 1968; production came to virtual halt by 1972. New Bata port should rekindle activity. $10 million worth exported in 1974.

**Fisheries.**—Efforts to exploit considerable potential being hampered by border disagreements with Gabon, Cameroon, and Nigeria. Approximately 2,000 tons of fish consumed locally each year. Technical assistance being supplied by Soviet Union.

### *Population*

**Size.**—310,000 (est. 1975). Principal towns are Malabo (20,000) and Bata (10,000), capitals of Macais Nguema and Rio Muni, respectively. Growth rate 2 percent (1974 est.).

**Language.**—Spanish, Fang, Bubi.

**Education.**—Large percentage of population under age 40 is literate, among highest rates in Africa. Relatively well-developed school system through secondary level, and most children attend classes. Catholic missions maintain several schools. Literacy, 20 percent.

**Labor.**—Shortage of skilled manpower. Mostly agricultural. Foreign contract laborers (mostly Nigerian) essential to survival of plantations and lumber industry. No labor unions.



# Market Profile—ETHIOPIA

### *Foreign Trade*

**Imports.**—$378 million, 1975; $291 million, 1974. Major suppliers, 1975: Italy, 18 percent; Japan, 17 percent; United States, 16 percent; West Germany, 12 percent United Kingdom, 11 percent. Principal imports: industrial machinery, manufactured goods, petroleum products, vehicles, chemicals. From U.S: Textile, leather and farm machinery, fertilizers, aircraft, petroleum products, road vehicles, medical and pharmaceutical products.

**Exports.**—$240.5 million, 1975; $268.7 million, 1974. Major markets, 1975: United States, 18.7 percent; Italy, 8.5 percent; Japan, 7 percent; West Germany, 6.5 percent; Major exports: coffee, oilseeds. To U.S: coffee, oilseeds, spices, essential oils.

**Trade Policy.**—Nondiscriminatory; protective of domestic industry. Import licenses required but no rationing of foreign exchange.

**Trade Prospects.**—Best sales prospects include farm machinery, fertilizers, chemicals, telecommunications and mining equipment, road tractors, textile machinery, trucks, business machines. Ethiopian Government is major purchaser and private markets strong. U.S. firms advised to establish agency relationship with reliable local firm.

### *Foreign Investment*

Government nationalized 72 firms and partially nationalized 29 others, the latter including some U.S. firms. Most small-scale businesses and industries export and import and the wholesale and retail trades not affected. Government also stated foreign private investment is welcome and adequate returns are guaranteed in selected economic sectors; the Ethiopian State would have majority ownership of such ventures. Exploitation of precious metals and radioactive materials exclusively reserved to the state. Private investment activity negligible in wake of government proclaimed economic program of "Ethiopian Socialism".

### *Finance*

**Currency.**—Ethiopian Birr (Eth. Birr 2.07 = U.S.$1.00). Money supply $426.6 million at year-end 1975.

**Domestic Credit and Investment.**—Banking and insurance entities nationalized in 1975. Long-term loans provided by government institutions, including the Agricultural and Industrial Bank.

**National Budget.**—In Fiscal Year 1977 a total of $170 million was budgeted for deficit development projects and financed largely by domestic borrowing from National Bank.

**Development Program.**—The United States and various European countries are major donors.

**Balance of Payments.**—Net foreign exchange holdings were $320 million at the end of 1976. Continuing heavy arms purchases could have an adverse effect on the balance of payments.

### *Economy*

Adversely affected by continuing state of war. Agriculture and pastoral pursuits support 85 percent of population, form half of GDP, and account for 94 percent of export earnings. While Ethiopia is following a socialist program, the private sector, both domestic and foreign, continues to play an important role.

**GNP.**—1975 GNP (current prices) was $2.6 billion and $101 per capita; real annual growth rate about 5.3 percent. Agriculture contributed 48 percent, manufacturing 5 percent, domestic trade 8 percent, construction 5 percent, electricity, gas and water 0.6 percent, and mining and quarrying 0.2 percent.

**Agriculture.**—Usually self-sufficient in food production. Cereal grains and livestock are main staples. Coffee is principal cash crop. Cotton, sugar, oilseeds also exported.

**Industry.**—Contributes 5 percent of GDP. Textiles, cement, leather, sugar refining, breweries and bottling plants, and food processing are most important.

**Commerce.**—Indices (1963= 100): Addis Ababa retail price index rose 6.5 to 170.1 in 1975; food prices rose 4.5 percent to 175.1 in 1975. Retail price index rose 15 percent during March 1976—March 1977.

**Minerals.**—Assab refinery provides gasoline and diesel fuel. Current mining activities limited to small-scale gold and platinum mining and salt production. Large potash reserves.

**Tourism.**—Sharp drop in tourism. Given country's considerable tourist attractions, industry expected to rebound when political situation stabilizes.

**Development Plan.**—Ambitious program but no formal plan. Development policy redirected in 1975 with greater emphasis now on rural sector.

**Transportation.**—Good external links. Air transport highly developed; service to 15 countries and 39 domestic points. Five airports accommodate jet traffic; 20 others served by smaller aircraft. Has 14,300 miles of roads, of which over 5,000 are all-weather; 70,000 motor vehicles. Limited rail facilities. Ports include Assab and Massawa on the Red Sea.

**Communications.**—Government owns and operates most facilities. Radio network country-wide. Television in Addis Ababa. Extensive domestic telephone service.

**Power.**—1975 production 391 million kWh. 100 MW Finchaa Dam completed in 1972.

### *Natural Resources*

**Land.**—472,000 square miles, 67 percent agricultural land. Abundant fertile soil and rainfall for crop and livestock development. 1975 land reform nationalized agricultural and urban land. Individual holdings limited to 24.7 acres and state farms (197.6 acres minimum) being established.

### *Population*

**Size.**—1975 est.: 28 million; 90 percent rural.

**Language.**—Amharic is official. English widely used in public sector and business.

**Education.**—Literacy 7 percent; 30 percent in major cities.

**Labor.**—Over 85 percent employed in agricultural sector.

# Market Profile—GABON

### *Foreign Trade*

**Imports.**—$457.1 million in 1975; $440.4 million in 1974. Major suppliers in 1976: France 69 percent, West Germany 4 percent, Holland 4 percent, U.K. 3 percent, U.S. 6 percent. Principal imports: electrical machinery, transport equipment, iron and steel; from U.S: aircraft, construction and mining machinery, agricultural machinery. Imports from U.S. totaled $45.9 million in 1976.

**Exports.**—$917.8 million in 1975; $928.3 million in 1974. Principal customers in 1974: France 37 percent, West Germany 10 percent, Netherlands 7 percent, U.S. 7 percent. Principal exports: petroleum, forest products, manganese and uranium; to U.S: manganese ore, coffee. Exports to U.S. totaled $189.4 million in 1976.

**Trade Policy.**—Associate member of European Economic Community (EEC) and one of four countries forming Central African Economic and Customs Union (UDEAC). All imports from outside franc zone subject to import licensing and global quotas. Ended trade preferences to EEC in 1976. Liberal payments policy.

**Trade Prospects.**—Earthmoving equipment, railway equipment, mineral and petroleum exploration equipment, timber industry equipment, pleasure craft and motors, aircraft and aircraft parts, vehicle parts.

### *Foreign Investment*

Mainly French. U.S. interests in manganese extraction (COMILOG), iron ore concession (SOMIFER), solid mineral and petroleum exploration, and commercial banks. Investment guaranty agreement with U.S. since 1963. Investment Code further liberalized and harmonized with UDEAC in 1967. Totaled $1.3 billion in 1975; U.S. share estimated at $170 million.

**Investment Prospects.**—Mining, timber, tourism, petrochemical, food processing industries.

### *Finance*

**Currency.**—CFA franc (235 CFA francs = US$1), issued by the Bank of the Central African States (BEAC), is freely convertible into francs and guaranteed by France.

**Domestic Credit and Investment.**—Five commercial banks supply short- and medium-term credit. Caisse Centrale de Cooperation Economique (CCE—an official French institution) and the Gabon Development Bank offer specialized, medium- and long-term credit.

**National Budget.**—$1,030 million budget for 1977, up 32.45 percent from previous year. Budget growth likely to be limited until end of 1980/81.

**Foreign Aid.**—Predominantly French, U.S. bilateral aid limited to access roads for Transgabon Railway.

**Balance of Payments.**—Declining surpluses since 1974. International reserves $56.4 million in April 1977.

### *Economy*

**GDP.**—Estimated at $1,744 million in 1975, $3,270 per capita, the highest in black Africa. Net foreign assets stood at $56 million in April 1977. Member of OPEC.

**Agriculture.**—Land under cultivation, 1 percent. To receive much greater emphasis 1977–81. Stress on livestock and fishing. Cocoa and coffee for export. Imports 85 percent of food requirements.

**Industry.**—Contributes 7 percent to GDP. Mainly timber processing, mineral refining and processing, and power generation. Major ferromanganese plant to be built by 1981 utilizing American capital.

**Commerce.**—Government takes 10 to 25 percent share of all businesses. Retail trade and foreign trade dominated by large foreign firms, mostly French. Retail price index in 1976 was 213.8 (1966 = 100).

**Development Plan.**—New Plan released at end of 1976. Expenditures of $5 billion projected before 1981 on wide variety of projects. Go-slow announced by President Bongo mid-1977.

### *Basic Economic Facilities*

**Transportation.**—About 4,000 miles of roads (almost 3,000 miles improved); 5,100 new motor vehicles registered in 1975. Construction started on 350-mile navigable waterway. Leading ports are Libreville and Port Gentil with deepwater port improvements at Owendo. Major jet airports, Libreville, Port Gentil, linked with 121 smaller fields. Santa Clara mineral port and Transgabon railroad spur projects announced in fall of 1977.

**Communications.**—Radio, TV, international wire service available. Automatic telephone networks being expanded.

**Power.**—Production (1975) 253 million kWh. The Kinguele hydroelectric complex supplies half, with the remainder coming from thermal sources. Grand Poubara scheme likely before end of decade.

### *Natural Resources*

**Land.**—103,088 square miles. Tropical rain forest with plateaus and mountains to north and east.

**Climate.**—Equatorial, rainy season February through May and mid-September to mid-December.

**Minerals.**—Petroleum production, 11 million tons in 1976. Limited reserves. Production likely to decrease after 1978. Possesses 25 percent of world's known manganese deposits. Around 2.4 million tons annual production. One-billion-ton reserve of 65 percent grade iron ore. Uranium and some gold production.

**Forestry.**—Fifty-million acre equatorial forest covers 85 percent of Gabon; 20 percent currently under exploitation, with 1.4 million cubic meters cut in 1975.

### *Population*

**Size.**—550,000. 20 percent urban. Principal cities: Libreville, capital (85,000), Port Gentil, (30,000).

**Language.**—French.

**Education.**—Literacy estimated at 25 percent.

**Labor.**—In short supply. Around 140,000 economically active, of which 50 percent are in agriculture. Approximately 60,000 wage earners. Guaranteed minimum wage applies to all salaried workers.



# Market Profile—GAMBIA

### *Foreign Trade*

**Imports.**—$74.1 million in 1976; $58.6 million in 1975. Major suppliers 1976: Netherlands, 6.2 percent; Japan, 6.1 percent; U.S., 4.4 percent. Leading imports: foodstuffs, textiles and clothing, capital goods.

**Exports.**—$35.1 million in 1976, $48.7 million in 1975. Principal markets, 1976; U.K., 29.8 percent; Netherlands, 22.3 percent; France, 9.7 percent. Leading exports: peanuts and peanut products.

**Trade Policy.**—Member of ECOWAS. Signatory of Lomé Convention.

**Trade Prospects.**—Hotel and kitchen equipment, food processing machinery, earthmoving and heavy construction equipment, materials handling equipment.

### *Foreign Investment*

Principally British. Liberal Development Act of 1964. U.S. presence in commercial fishing. Investment guaranty agreement with the United States.

**Investment Prospects.**—Tourism, lime cultivation, and fishing most promising; also beer, soap, cosmetics, furniture.

### *Finance*

**Currency.**—Dalasi (US$1.00 = D2.30) issued by the Central Bank for the Republic of the Gambia, convertibility guaranteed by U.K. Money and near-money supply $34.7 million, May 1976.

**Domestic Credit and Investment.**—Two commercial banks, Bank of West Africa, Ltd., and International Bank for Commerce and Industry, and cooperative and credit unions are sources of mostly short-term credit. Development Bank established in 1975.

**National Budget.**—$19.7 million budget in fiscal 1975/76, with expenditures of $18.9 million.

**Foreign Aid.**—Budgetary and development aid of between $2–4 million annually, largely from the U.K. Significant technical assistance from IBRD and U.N. Development Program.

**Balance of Payments.**—Persistent deficit on merchandise trade and net services account is more than offset by net inflows of private and official capital. Gross foreign exchange was $22 million as of May 1975.

### *Economy*

"Open" economy with liberal trade and payments; almost entirely agricultural; heavily dependent upon peanut exports (94 percent of total export earnings).

**GDP.**—$88 million, 1975 estimate; $140–160 per capita. Annual growth rate 12 percent.

**Agriculture.**—Contributes 55 percent of GDP. Largely subsistence. Peanut crop reached 134,000 tons 1973/4. Other cash crops include palm kernels, rice, cotton and limes. Subsistence corn, millet, sorghum, cassava, onions, sweet potatoes, and vegetables. Cattle Marketing Board established in 1972.

**Industry.**—Confined mainly to peanut and fish processing, boat-building and about 15 small manufacturers of consumer goods. Furniture, soap, cosmetics, beer and zircon and rutile mining contemplated.

**Commerce.**—Cooperative organizations are being developed and strengthened by the government to cut down on unnecessary middlemen. Considerable transit trade. Retail prices rose 9 percent during 1973/74.

**Tourism.**—24,000 visitors in 1974. Government considering construction of casino.

**Development Plan.**—Five Year Plan for Economic and Social Development (1975–80) envisages substantial steps forward in agricultural diversification, fishing, and tourism.

### *Basic Economic Facilities*

**Transportation.**—About 800 miles of roads, 180 of which are paved; estimated 4,000 vehicles. The Gambia River, with its tributaries, forms the main transport network and is navigable by oceangoing vessels for more than 150 miles inland. No railways. Improved international Yundum Airport.

**Communications.**—Recent improvements in government-operated automatic telephone service (1,500 phones and external links).

**Power.**—Installed capacity estimated at 8,700 kW in 1974; all thermal, produced by Gambia Utilities Corporation.

### *Natural Resources*

**Land.**—4,000 square miles, about twice the size of Delaware. A narrow strip of land, generally flat, bordering Gambia River, extending from Atlantic into the heart of southern Senegal.

**Climate.**—Subtropical. Mid-May to mid-November rainy season.

**Fisheries.**—Richly endowed, particularly with shrimp and lobster. In 1971 the total fish catch was estimated to be in excess of 50,000 tons.

### *Population*

**Size.**—525,000 in 1976 (est.). Annual growth rate 2.8 percent (1976 est.) 12 percent urban. Banjul, the capital, 40,000. Population density at 131 per square mile, one of the highest in Africa.

**Language.**—English.

**Education.**—Literacy rate estimated at 10 percent. About 22 percent of school-age children attend school.

**Labor.**—Estimated working population of 165,000, of which 9,000 are salaried. 85 percent in agriculture. Minimum daily wage about $1.75 a day.

# Market Profile—GHANA

### *Foreign Trade*

**Imports.**—$792 million, 1975; $821 million, 1974. U.S. share: 1 percent; Chief imports: Machinery and transportation equipment, cloth and yarn, crude petroleum, cereals, sugar, agricultural chemicals, pharmaceuticals, paper products. From U.S: agricultural commodities, producers goods, alumina, raw cotton, grey cloth, construction, mining and roadbuilding machinery, tractors, air conditioning equipment; and commercial equipment for timber and wood processing.

**Exports.**—$907 million in 1975; $997 million in 1974. Major markets, 1975: U.K., 14.5 percent; U.S., 11.4 percent; Germany, 8.2 percent. Principal exports: cocoa and cocoa butter, wood and wood products, aluminum, gold, diamonds. To U.S: cocoa and cocoa butter, lumber, manganese, bauxite, industrial diamonds.

**Trade Policy.**—Nondiscriminatory trade policy and tariffs. Licensing required for all imports to conserve foreign exchange. Member of Economic Community of West Africa (ECOWAS). Associate EEC status.

**Trade Prospects.**—Machinery, fertilizer, air conditioning equipment, road construction machinery, trucks, textile machinery, pipes and pipe fittings, engines, and sawmilling and wood processing machinery are best sales prospects.

**Foreign Investment.**—Primarily British, including three commercial banks. Major U.S. investment is Valco aluminum smelter owned by Kaiser (90 percent) and Reynolds (10 percent). Investment guaranty agreement with United States.

**Investment Climate.**—An Investment Policy Decree of 1975 specifies percentages of Ghanaian participation required for certain investments. Corporate income tax for mining and commercial interests is 65 percent. Industrial companies assessed at rate of 55 percent and farming operations at 50 percent of their profits.

### *Finance*

**Currency.**—Cedi (1 cedi—$1.15). Money supply was $878 million at yearend 1975.

**Domestic Credit and Investment.**—State-owned and private banks provide full range of credit facilities.

**National Budget.**—Fiscal Year 1975: recurrent expenditures $762 million; development expenditures, $280 million.

**Foreign Aid.**—$100 million disbursed in 1975. World Bank Group. U.S., U.K., West Germany and Canada are major sources of funds.

**Balance of Payments.**—$106 million deficit in 1975. Imports restricted to conserve foreign exchange. Net foreign exchange reserves $51.2 million at end of March 1975. Estimated total foreign debt of $1,021 million at end of 1974. Medium-term debt of $250 million rescheduled.

### *Economy*

Mixed economy. Cocoa provides 60 percent of exports and accounts for 28 percent of global production.

**GNP (current prices).**—$4.8 billion in 1975; per capita GNP of $416 reflects GNP growth rate of 10 percent. Agriculture contributes 45 percent, industry, 15 percent and services, 40 percent of GDP.

**Agriculture.**—Primarily small-scale subsistence production. Approximately 60 percent of the population is in the agricultural sector. Major food crops include corn, sorghum, millet and yams. Commercial crops are cocoa, fats and oils, kola nuts, coffee and rubber.

**Industry.**—Accounts for 15 percent of GDP. Average annual growth rate of 7 percent. Leading growth sectors are wood and paper, textiles, tobacco, food and beverages.

**Commerce.**—Wholesale trade largely held by expatriate firms. Some retail trade limited by law to Ghanaians. Price controls on major consumer items. National Consumer Price Index (1963 = 100) 287.7 at yearend 1975. 58 percent rate of inflation.

**Development Plan.**—Broadening of industrial base a major goal of 1975–80 Plan.

### *Basic Economic Facilities*

**Transportation.**—20,800 miles of road, (about 2,870 miles paved); over 70,000 motor vehicles. 790 miles of railroad distributed on three principal lines; two ports (Tema and Takoradi) and one international airport at Accra.

**Communications.**—Extensive VHF radio network links major cities; 12,000 miles of telephone lines.

**Power.**—Over 90 percent of electrical power provided by the Volta River Authority (VRA). VRA capacity 912 MW.

### *Natural Resources*

**Land.**—92,000 square miles characterized by grassy coastal plain, wet forest belt, and northern dry savanna that covers two-thirds of country.

**Climate.**—Warm, humid, and sunny in Accra. Savanna area hot and dry.

**Minerals.**—Gold is most important mineral; diamonds, manganese, and bauxite also produced in significant quantities. Government hopes to process bauxite to supply Valco aluminum smelter.

**Forestry.**—Timber is second-ranking foreign exchange earner.

### *Population*

**Size.**—10 million (est.); rate of growth 3 percent.

**Principal cities.**—Accra, the capital, 900,000; Kumasi, 343,000. 30 percent urbanization.

**Language.**—English is official.

**Education.**—Literacy rate (25 percent); 45 percent of school-age children receiving regular formal education.

**Labor.**—Estimated labor force of 3.4 million; 1.4 million wage earners and 2 million underemployed and unemployed.



# Market Profile—GUINEA

### *Foreign Trade*

**Imports.**—$123.3 million in 1976, $158.8 million in 1975. Major suppliers: France, 31.4 percent; U.S., 21.1 percent, Romania, 9 percent; Italy, 7.2 percent. Principal imports: transportation equipment and parts, foodstuffs, fuels, textiles and clothing. From U.S: rice, wheat, aluminum and aluminum alloys.

**Exports.**—$202.2 million in 1976, $129.6 million in 1975. Major markets, 1976: U.S., 27.3 percent; France, 20 percent; Spain, 13.9 percent; West Germany, 13.5 percent. Principal exports: alumina, pineapple, coffee, palm kernels, bauxite, bananas. To U.S: bauxite, artwork, essential oils.

**Trade Policy.**—Nondiscriminatory tariff policy. Comprehensive system of controls on trade and payments due to shortage of foreign exchange; most agricultural exports and about 60 percent of imports generally within framework of bilateral payments agreements. Signatory of International Coffee Agreement.

**Trade Prospects.**—Limited foreign exchange restricts trade prospects to those products needed to implement development priorities: generally capital goods associated with transportation, mineral exploitation and agribusiness.

### *Foreign Investment*

Western and U.S. foreign investment concentrated in alumina production, bauxite extraction, and supporting infrastructure. Investment guarantee agreement with United States since 1962. Investment code of 1962 encourages increased foreign presence. A 1969 Decree requires President's approval for any undertaking larger than $20,000 involving the government. U.S. investment is $160 million and growing.

**Investment Prospects.**—Becoming increasingly more encouraging particularly in mining, energy, and transportation.

### *Finance*

**Currency.**—Syli (21 Syli = US$1) issued and controlled by the Central Bank of Guinea. Money supply rose to about $409 million in 1975

**Domestic Credit and Investment.**—Expanding at an average annual rate of 9 percent. All commercial banking services are State-controlled under the Central Bank. Loans to commerce and industry are provided by Credit National, the largest of the three government-owned specialized banks. International transactions are handled by the Bank of Foreign Commerce.

**National Budget.**—A surplus of $26.5 million was recorded in fiscal 1975. External debt, disbursed and undisbursed, totaled $857.2 million in fiscal 1975; annual payment toward this debt was $21.6 million.

**Foreign Aid.**—Substantial foreign assistance averaging $40 million annually since 1960, in the form of loans and grants for industry and infrastructure, particularly from U.S.S.R., mainland China and East Europe. Guinea is highly dependent on foreign aid.

**Balance of Payments.**—Surplus, $3.8 million, in 1976. Gross foreign reserves $21 million in December 1974.

### *Economy*

Socialist orientation. Predominantly agricultural. Alumina and bauxite earn 65 percent of convertible foreign exchange.

**GDP.**—Estimated at $724.8 million in 1976, $130.8 per capita. Annual real rate of growth about 3 percent.

**Agriculture.**—Contributes over 50 percent of GDP. Production inadequate to meet domestic requirements. Has top priority in Guinea development goals. Rice, cassava, corn millet, sweet potato, and sorghum grown for food.

**Industry.**—Manufacturing accounts for 3 percent of GDP. The nation's 42 industrial plants are mostly State-owned or controlled, except for cigarettes, construction materials.

**Commerce.**—Predominantly State-owned with increasing limitations on foreigners in marketing and trading activities.

**Development Plan.**—Five-Year Plan invites foreign assistance to share in priority agricultural development.

### *Basic Economic Facilities*

**Transportation.**—Improved but poorly-maintained road network of 4,700 miles and over 7,500 miles of unimproved roads serve over 20,000 vehicles. The 410 miles of railway are operated at a continuing, worsening deficit by the State; 1,115 miles navigable waterways. New port at Kamsar and rail line from Boke serves bauxite exports. Principal port at Conakry. International airport at Conakry.

**Communications.**—International telephone and telegraph facilities marginal.

**Power.**—Public system generated 310.3 million kWh and private (FRIGUIA) production was 139.7 million kWh, in 1971; mainly thermal. Hydroelectric potential estimated at over 60 billion kWh expected from the proposed Konkoure River Dam, associated with the planned aluminum complex.

### *Natural Resources*

**Land.**—95,000 square miles, about the size of Oregon.

**Climate.**—Equatorial with 100 inches of rainfall, generally May to October, and slight seasonal temperature variation on coast; relatively dry with higher temperatures in the north.

**Minerals.**—Possesses ⅔ of world's proven reserves of highest quality bauxite. Richest lodes at Boke with concentrations at Tamara, Kindia, Dabola, and Tougue. Extensive high-grade (50 percent), iron ore reserves in Mt. Nimba and Simandou regions. Small deposits of diamonds and gold.

**Forestry.**—20 percent total land area. Inadequate transportation limits exploitation. U.S.S.R.-assisted sawmill operating at about 50 percent of 50,000 cubic meter capacity.

### *Population*

**Size.**—5.5 million in 1976, 9 percent urban. Heavily concentrated along the coast. 2.5 percent growth rate. Conakry, capital and port, 530,000.

**Language.**—French.

**Education.**—Literacy rate 10 percent. About 18 percent of school-age children attend school.

**Labor.**—85 percent employed in agriculture. 136,000 wage earners, mostly in public service.

# Market Profile—GUINEA-BISSAU

### *Foreign Trade*

**Imports.**—$38 million in 1976, $37.7 million in 1975. Major suppliers: Portugal, Sweden, Mainland China. Principal imports: manufactured goods, fuels, rice and other food products.

**Exports.**—$5.3 million in 1976, $6.1 million in 1975. Major markets: Portugal, Senegal, Nigeria. Principal exports: palm oil, peanuts, timber, coconuts, hides and skins.

**Trade Policy.**—Signatory of Lomé Convention in trade and aid with EEC, participated in formation of West African Economic Community, seeks economic cooperation and assistance of a variety of nations and international organizations.

**Trade Prospects.**—Foodstuffs, fuels, vehicles and textiles.

### *Finance*

**Currency.**—25 escudos (Portuguese or Guinea-Bissau) = $1. New internal currency, the peso, established in March 1976, is on par with the escudo.

**Foreign Aid.**—Approximately $16 million (July 1975). U.S. provided $1 million for refugee resettlement and 25 student training grants.

**Balance of Payments.**—Chronic deficit which amounted to $27 million in 1975.

### *Economy*

Based on traditional agriculture and cattle raising. Attempts being made to develop fishing industry and increase rice production.

**GNP.**—$105 million (1975 est.), $150 (est.) per capita.

**Agriculture.**—Products: peanuts, timber, rice.

**Industry.**—Products: palm oil, hides and skins, beer, soft drinks.

### *Basic Economic Facilities*

**Transportation.**—2,230 miles of roads, 265 miles paved. Rivers are navigable for oceangoing vessels for some distance inland. Bissau is the principal port, and has a modern airport.

**Communications.**—Telephone facilities are adequate within the country. Telegraphic communications are generally reliable but often delayed.

### *Natural Resources*

**Land.**—Area of 14,000 square miles (twice the size of New Jersey). A low coastal, swampy plain covers most of the country. The land rises gradually toward a savanna in the east.

**Climate.**—Tropical, with a mean average temperature of 77° F. The wet season lasts from June to November.

**Minerals.**—Extensive bauxite deposits are believed to exist in the southeast and there is interest in petroleum exploration both in the interior and coastal regions.

### *Population*

**Size.**—700,000 (1975 est.), 3 percent (est.) annual growth rate. Bissau has 80,000 inhabitants.

**Language.**—Portuguese (official); Crioulo, and numerous African languages.

**Education.**—Literacy rate, 5 percent.



# Market Profile—IVORY COAST

### *Foreign Trade*

**Imports.**—$1,304 million in 1976, $1,036 million in 1975. Major 1975 suppliers: France 29 percent, West Germany 6 percent, United States 8 percent. Principal imports: capital equipment, semifinished metals, transportation and construction equipment, paper products, textiles, crude petroleum, chemicals. From U.S: aircraft, tractors, mechanical handling equipment, construction equipment, air conditioning.

**Exports.**—$1,642 million in 1976, $1,111 million in 1975. Major markets in 1975: France 27 percent, Netherlands 16 percent, West Germany 9 percent, U.S. 10 percent. Principal exports: coffee, tropical woods, cocoa, pineapples, bananas. To U.S: coffee, cocoa, lumber.

**Trade Policy.**—Grants preference to members of West African Customs Union (CEAO); member of the Conseil de l'Entente; seeks to diversify trade and investment. Has ended trade preference for imports from European Economic Community.

**Trade Prospects.**—U.S. exports increased significantly during 1977 to $100 million level. Construction equipment, textile machinery, agricultural machinery, food processing transport vehicles and energy systems equipment are best opportunities.

### *Foreign Investment*

Substantial foreign investment, mainly French; U.S. investments total $80 million; petroleum refining and distribution, banks, manufacturing, diamond mining. Investment guarantee agreement with United States.

**Investment Prospects.**—Government seeks foreign investment; liberal investment code. Investment opportunities in agribusiness, wood processing, tourism, and light industry.

### *Finance*

**Currency.**—Communaute Financiere Africaine (C.F.A.) franc, (235 CFA = U.S.$1); floating with French franc, issued by seven-nation Central Bank of West African States (BCEAO). Cost of living rose 13.9 percent during 1976.

**Domestic Credit and Investment.**—Commercial and industrial credit readily available. Lending rates of 6.5–8.5 percent applied in 1977.

**National Budget.**—1977 budget $1.45 billion; investment budget set at $716 million. Major emphasis on education, construction and public works, health, agriculture.

**Balance of Payments.**—Positive balance of $40.1 million in 1976. Official foreign exchange reserves totaled $412 million in July 1977.

**Foreign Aid.**—U.S. assists through loans and guarantees of Eximbank (about $245 million to date), OPIC and AID programs. Development assistance also granted by international organizations, including African Development Bank with headquarters in Abidjan.

### *Economy*

A major world exporter of coffee, cocoa, and tropical wood. Increasing industrialization and agricultural diversification sought. Tourism sector expanding rapidly (100,000 visitors in 1977).

**GDP.**—$5.25 billion in 1977, real annual growth rate 10.5 percent in 1976, increased during 1977.

**Agriculture.**—Traditionally strong in coffee, cocoa, timber. Diversification into palm oil, bananas, pineapples, cotton, sugar, rubber. Sugar, cotton to receive major emphasis under current Plan.

**Industry.**—458 firms during 1976. Industrial sector represented 23.1 percent of GDP in 1977. Government policy is to expand industrial exports to 45–50 percent in 1980. Total capital investments projected at $460 million (1976–80).

**Commerce.**—Cost of living rising about 10–15 percent per annum. Government promotes greater Ivorian participation in business. Stock exchange opened in Abidjan April 1976. Private sector significant by African standards.

**Development Plan.**—1976–80 plan calls for $6.6 billion investment to maintain real growth rate of 7.7 percent with industry (plastics, palm oil refining, metal fabricating, textiles) expanding at 18 percent rate contrasted with 5 percent forecast for agriculture.

### *Basic Economic Facilities*

**Transportation.**—Transport system generally adequate, relying heavily on extensive road network linking all parts of country. Future emphasis on maintenance and improvement. Railroad runs 375 miles through Ivory Coast linking the port of Abidjan with Ouagadougou, Upper Volta.

**Communications.**—Adequate telephone service from Abidjan to interior cities. National radio and television networks. Sector to receive major emphasis during current Plan 1976–80.

**Power.**—Taabo Dam completed 1976 (210 MW) representing $125 million investment. Buyo hydroelectric project on Sassandra River (165 MW) planned for 1978–80. Other dam projects under consideration.

### *Natural Resources*

**Land.**—125,000 square miles, slightly larger than New Mexico.

**Climate.**—Tropical. Temperature stays between 70°–90° F with humidity averaging 84 percent. Two rainy seasons March–July and September–November.

**Minerals.**—Iron ore reserves of 350 million tons may be developed during 1980s. Some diamonds are exported. Other mineral potential in nickel, gold, oil. Petroleum discovered late in 1977, production likely to begin in 1979–80 at the 400,000-ton level.

**Forestry.**—The leading African exporter of tropical logs and lumber. Several expansion projects underway. Depletion of prime species likely by 1988.

### *Population*

**Size.**—6.7 million (mid-1976 estimate). Rate of growth 5.8 percent. Capital city Abidjan, 900,000; interior commercial center Bouake, 200,000. Urbanization 25 percent with 40 percent forecast by 1980.

**Language.**—French is official and commercial language. Knowledge of English is limited.

**Education.**—Primary school enrollment, 46 percent. Educational TV in some schools. Adult literacy rate, 25 percent.

**Labor.**—Of 350,000 wage earners, 40 percent in agriculture, plus 200,000 migrant workers from other countries. Ivorians dominate skilled middle-level employment, but most managerial and professional jobs still held by non-Africans. Unemployment rate among Ivorians is high.

# Market Profile—KENYA

## *Foreign Trade*

**Imports.**—$945 million, 1976, $833.5 million, 1975. Major suppliers, 1976: United Kingdom, 19.9 percent; Iran, 17.3 percent; Japan, 11.4 percent; West Germany, 10.4 percent; United States, 6 percent; France, 3.2 percent; Italy, 2.7 percent. Principal imports: crude petroleum, machinery, iron and steel, vehicles. From U.S: aircraft and parts, telecommunications equipment, fungicides, insecticides.

**Exports.**—$668.4 million, 1976; $515.9 million, 1975. Major markets, 1976: United Kingdom, 12.9 percent; West Germany, 14.4 percent; United States, 6.4 percent; Zambia, 3.2 percent. Principal exports: coffee, tea, pyrethrum extract, sisal. Main exports to U.S: coffee, tea, pyrethrum extract, sisal fiber, wood carvings.

**Trade Policy.**—Exchange and import authorization required on most imports; 10 percent duty on intermediate and capital goods; 10 percent sales tax on imports and domestic manufactures.

**Trade Prospects.**—Kenya's restraint programs least likely to be applied to industrial raw materials, intermediates, capital goods and agricultural inputs.

## *Foreign Investment*

Government encourages private foreign investment in projects that may save foreign exchange, expand exports, provide employment, and utilize local resources. Investment guarantee agreement with United States.

## *Finance*

**Currency.**—Kenya shilling (KSh):KSh8 = US$1.00.

**Domestic Credit and Investment.**—Credit and venture capital available from private, public, foreign commercial, and international lending agencies. At year-end 1976, money supply was $1,014 million and commercial bank credit outstanding $759.6 million; increases of 22 percent and 25 percent respectively during 1976.

**National Budget.**—Fiscal 1977 expenditures totaled $1,006 million; estimated revenues $1,009 million. Of total expenditures, $659 million earmarked for recurrent and $398 million for development.

**Foreign Aid.**—Average annual commitments of numerous countries and international lending agencies totaled $160 million in 1973–75. From U.S: $30 million proposed for fiscal 1978.

**Balance of Payments.**—Foreign exchange reserves totaled $273.5 million, December 1976. In 1976 trade deficit of $232 million. Overall surplus of $86.6 million.

## *Economy*

Mixed Economy. Goals of economic restructuring in progress include raising rural income levels and developing resource-based industries. Agriculture, fisheries and forestry contributed 29.6 percent and manufacturing 20.4 percent of GDP in 1976. Development momentum regained.

**GDP.**—In 1976 GDP was $3,008 million at current prices; per capita income, $217. GDP growth rate was 5 percent. Estimated rate of inflation 20 percent in 1977 (6–8 percent in 1976).

**Agriculture.**—Major products, 1975: coffee, 80,300 metric tons (MT); tea, 61,900 MT; wheat, 186,700 MT; sugarcane, 1.6 million MT; sisal, 33,500 MT; pyrethrum extract, 166 MT; cattle and calves, 228,000 head; milk, 208.6 million liters; beer 164 million liters; cement, 986,900 MT. Corn, millet and cassava are main subsistence crops.

**Industry.**—Major industries include food processing, tobacco curing, oil refining (crude oil throughout 3.3 billion liters) and production of textiles, tires, cement and paper. Industrial production index (1972 = 100) 140.6 at end of 1976.

**Tourism.**—Major foreign exchange earner; 407,000 visitors in 1975.

**Development Plan.**—1974–78 Plan focuses on rural and agricultural development. Tana River power and water supply, Bura irrigation, Busia sugar scheme, Kenyatta Hospital, and mini-steel mill are major projects. Good market for sales to national Kenya Airways.

## *Basic Economic Facilities*

**Transportation.**—Government operates rail, harbor, aviation services. Rail network of 3,670 miles is major means of freight transport. 33.7 million MT of freight handled at Nairobi airport and 5.5 million MT at Mombasa port in 1975. Kenya maintains 24,996 mile road system (1,493.4 miles paved), 16,332 motor vehicles registered in 1976. Mombasa, chief port of East Africa. International airport at Nairobi.

**Communications.**—Government operates telephone, telegraph, and postal services. 512,500 radios. Television facilities in major cities.

**Electric Power.**—1,082.4 million kWh consumed in 1976.

## *Natural Resources*

**Land.**—225,000 square miles, 10 percent agricultural. Low marsh coastal strip along Indian ocean, large arid northern region and high southern plateau interrupted by rugged volcanic mountains, north-south Great Rift Valley.

**Climate.**—Wide ranging altitudes contribute to temperate-tropical climate variations.

**Minerals.**—Relatively limited known resources. Fluorspar production. Small soda ash and salt but no known coal or petroleum deposits. Imported crudes refined for local consumption and reexport.

## *Population*

**Size.**—13.8 million (1975 est.). 98 percent African. Annual rate of growth, 3.3 percent. Principal cities (1969 census): Nairobi, the capital, (800,000), Mombasa (247,073), Nakuru (47,151), Kisumu (32,431), Thika (18,387) and Eldoret (18,196). 50 percent under age 18.

**Language.**—Swahili is official. English widely understood.

**Education.**—1976: Literacy 35 percent; 8,544 primary schools with 2,294,600 pupils; 1,280 secondary schools with 280,400 students; 5,250 enrolled in University of Nairobi.

**Labor.**—857,200 employed in 1976: 197,700 in private agriculture and forestry, 303,100 in rest of private industry and commerce, and 356,400 in public service.

**Health.**—1976: 1,567 registered doctors and dentists; 6,237 nurses.



# Market Profile—LESOTHO

## *Foreign Trade*

**Imports.**—$113 million, 1975 est.; $102 million, 1974. Principal supplier is South Africa; trade with U.S., $2 million in 1975, $4.6 million in 1976. Major imports: manufactured goods, foodstuffs, textiles and clothing, transport equipment, chemicals. From the U.S: cereals, vegetable oils, clothing.

**Exports.**—$15 million, 1975 est.; $14.4 million, 1974 est. Principal market is South Africa. Major exports: handicrafts, wool, mohair, cattle, diamonds, carpets.

**Trade Policy.**—Customs Union Agreement between Botswana, Lesotho, South Africa and Swaziland provides for common tariffs on all commodities. No tariff barriers within Customs Union; preferences granted in selected items to the United Kingdom, other Commonwealth countries and the EEC. Lesotho is heavily dependent on South Africa for trade, trade outlets, and employment.

**Trade Prospects.**—Concentration on development offers opportunities for equipment in agriculture, construction, and light industry.

## *Foreign Investment*

Although no precise figures are available, the amount of foreign investment is small. American investment negligible.

**Investment Prospects.**—Government welcomes foreign capital and offers liberal incentives. Best prospects are in processing local raw materials, in small-scale industries, and tourism. Investment guaranty agreement with United States.

## *Finance*

**Currency.**—Member of sterling area and South African monetary area; one South African Rand = US$1.15.

**Domestic Credit and Investment.**—Commercial banking handled by Lesotho Bank and branches of two British banks. Lesotho National Development Corporation may grant loans for industries in mining, commerce, manufacturing, or processing. Bank credit was $560,000 to the public sector and $6.8 million to the private sector in 1973. Interest rates in line with South Africa.

**National Budget.**—1975–76 budget provided for domestic revenue of $35 million and expenditures of $30.2 million. More than 40 percent of local revenue consists of receipts under Customs Union Agreement. Budget deficits met by U.K. grants-in-aid.

**Foreign Aid.**—Mostly from the United Kingdom. U.S. aid totaled $3 million in fiscal 1974. $36 million in capital assistance in 1976. Assistance also received from the World Bank and UN.

**Balance of Payments.**—Chronic trade deficit offset by personal remittances from laborers working in South Africa, and receipts from customs arrangements. Foreign exchange reserves included with South Africa's; no separate figures available.

## *Economy*

Rural sector contributes 60 percent of GDP. Manufacturing, mining and construction together contribute 3 percent. Manufacturing output has tripled since 1967.

**GDP.**—Estimated at $179 million ($163 per capita) in 1972.

**Agriculture.**—Only 1 million acres (15 percent) of total land area cultivable; 90 percent of cultivated land planted in maize (principal subsistence crop), sorghum, and wheat. 70 percent of population is involved in livestock raising.

**Industry.**—15 percent annual industrial growth rate. Limited industry includes tire retreading, tapestry, weaving, milling, electric light, candle, and shoe manufacturing.

**Commerce.**—Main function is to handle external trade; services value added estimated at $20.5 million, (34.4 percent of GDP). Expatriates are major traders. General price index rose 11.5 percent in January–June, '73).

**Tourism.**—In early stage of development; excellent mountain scenery, the highest in Southern Africa.

**Development Plan.**—Total capital expenditures of $110 million, 40 percent for economic services planned for 1975–80.

## *Basic Economic Facilities*

**Transportation.**—Underdeveloped system: 125 miles of paved roads, 500 miles of gravel roads and 1,500 miles of tracks. Main road runs from Butha-Butah through Maseru to Quthing. Ninety-four miles of road have been reconstructed and paved with a $4.1 million loan from the International Development Association. Railway runs to South Africa. In addition to main Leabua Jonathan Airport near Maseru there are 31 smaller airfields and airstrips. Three scheduled flights a week between Maseru and Johannesburg and non-scheduled services operated by two South African charter carriers. State-owned Lesotho Airways (LAC) operates six Cessnas on five scheduled domestic lines and also on non-scheduled basis.

**Communications.**—International links through South Africa. Broadcasting service is governmental. 2,636 telephones in 1971.

**Power.**—Hydroelectricity development under study. Most electricity bought in bulk from South Africa. (4.2 million kWh in 1973).

## *Natural Resources*

**Land.**—Total area of 11,716 square miles, completely surrounded by the Republic of South Africa. Mountainous terrain, ranges from 11,425 feet in the east to 5,000 feet in the west.

**Climate.**—Temperature ranges from 90° F in the western quarter to frequently below freezing in the highlands. Rainy season October to April with average annual rainfall of 29 inches.

**Minerals.**—Few known mineral deposits except diamonds, of which $275,000 worth were exported in 1971. Lesotho Government has 25 percent equity in medium-sized diamond mines; 15 percent tax levied on diamond exporters.

## *Population*

**Size.**—1million (1976 estimate); annual growth rate, 2.2 percent. Principal city is Maseru, the capital, 29,000.

**Language.**—English and Sesotho are official.

**Education.**—Literacy rate about 40 percent. 177,000 in primary schools and 12,575 in secondary schools in 1972. Compulsory free education is ultimate objective. University serving Botswana, Lesotho, and Swaziland located near Maseru. Lerotholi Technical Institute has 3-year training courses.

**Labor.**—Wageearners number 21,000 (7,500 employed in government and 15,000 in the private sector). About 175,000 men and 25,000 women employed in South Africa on temporary basis.

# Market Profile—LIBERIA

## *Foreign Trade*

**Imports.**—$399 million in 1976; $331 million 1975. Major suppliers 1976: Germany 23 percent; U.S. 8.2 percent; U.K. 6 percent. Chief imports: heavy machinery, transport equipment, cereals, petroleum products, woven fabric. From U.S: rice, construction and mining machinery, road motor vehicles.

**Exports.**—$461 million in 1976; $394 million in 1975. Major markets 1975: U.S. 22 percent; Sweden 43 percent; Germany 24 percent. Chief exports: iron ore, rubber, lumber, logs, diamonds, coffee. To U.S: rubber, iron ore, coffee.

**Trade Policy.**—Moderate, nondiscriminatory tariff. Most goods admitted by open license. No foreign exchange or quota controls.

**Trade Prospects.**—Trade surplus $60.8 million in 1976. Established product acceptance and competitive prices make U.S. goods attractive. Best prospects: mining equipment, construction and electrical machinery, aircraft, motor vehicles, mining and telecommunications equipment.

## *Foreign Investment*

United States is major source with over $303 million, mainly in iron ore, rubber. Investment Guaranty Agreement with United States. Industrial Free Zone in Monrovia offers attractive incentives.

**Investment Prospects.**—Investment Code of 1973 provides attractive incentives. Investment opportunities in mining, timber and agro-industries. Net foreign assets, $34.3 million at end of 1976. (up 571.7 percent from 1975).

## *Finance*

**Currency.**—Liberia uses the U.S. dollar. Central bank, the National Bank of Liberia, does not issue currency other than Liberian coins.

**Domestic Credit and Investment.**—Loans available from commercial banks, Liberian Bank for Industrial Development and Investment, and Agricultural Credit Corporation. No stock exchange.

**National Budget.**—1976: revenues $156 million; expenditures $117 million; $39 million development budget; External debt outstanding, $175 million. Debt service as percent of revenue, 16.4 percent.

**Foreign Aid.**—$44.3 million in new commitments at end of 1976. U.S. leading source of capital and technical assistance.

**Balance of Payments.**—Favorable balance of trade. High import bill from sharp increase in petroleum prices offset by high iron ore and rubber prices.

## *Economy*

Based on production and export of iron ore and rubber by largely foreign-owned firms, plus subsistence agriculture. GDP (current prices) 1976: $863 million; per capita income $536.

**Agriculture.**—Primarily of subsistence nature: iron ore, rubber, lumber and logs are major exports. Rice, oil, palm oil, coconut, cocoa, coffee, cultivation exphasized.

**Industry.**—5 percent of GDP. Chief products: processed rubber, petroleum products, foods, beverages, iron pellets, explosives, wood products, cement, consumer products.

**Commerce.**—Trading and distribution mainly in hands of expatriates. Consumer price index rose 6 percent in 1976 to 212.5 (1964 = 100). Price controls on several food items.

**Mining.**—World's tenth largest iron ore exporter. Two pelletizing plants. Growing importance of diamonds. Largely unexploited resources of barite, kyanite, gold, others.

**Development.**—$4.5 million, 1976–79 Plan focuses on rural development (roads, agriculture, community services).

## *Basic Economic Facilities*

**Transportation.**—Road network of 4,200 miles (325 miles paved); 17,000 vehicles in 1975. Over 300 rail miles mainly used by mining firms. Four ports. Third largest merchant fleet in world due to liberal laws permitting flag-of-convenience ship registry. Two major airports and 90 small airfields and strips.

**Communications.**—Network of telephone, radio, television and international microwave and satellite systems. Liberia Broadcasting Corp. (ELBC) plans $3.5 million radio/TV capability expansion and modernization.

**Power.**—Consumption runs about 700 million kWh per annum, about half of which is used by the mining companies.

## *Natural Resources*

**Land.**—43,000 square miles, slightly smaller than Pennsylvania; generally rolling terrain; mountain ranges (to 4,500 ft.) in north.

**Climate.**—Tropical and humid, rainy season from April to November, balance of year dry.

**Forestry.**—40 percent of country is forested; industry growing but still under-developed. Plywood factory.

**Fisheries.**—Annual landings of fish and shrimp around 18,000 tons; half is exported. Processing industry expanding. Coastal waters supply local market. Interior fishponds are source of fish.

## *Population*

**Size.**—1.6 million (1974 census): annual growth 3 percent; 25 percent urban. Monrovia, the capital, 204,000; Harbel and Harbel Plantation 60,000, Buchanan 25,000, Yekepa (Nimba) 16,000; Harper and Harper Plantation 14,000; Greenville 10,000.

**Language.**—English official and commercial language.

**Education.**—Literacy rate 8–10 percent; school system not well-developed. About 37 percent of primary school-age children (600,000) in school, but drop-out rate is high. School-age population (6–24) 648,783. Literacy rate among female school-age population 21.6 percent.

**Labor.**—Labor force about 425,000, of which 114,000 in monetary economy, mostly on rubber plantations, in government, construction mining. Annual salary of average unskilled worker is $2,000; semiskilled $5,000.



# Market Profile—MADAGASCAR

## *Foreign Trade*

**Imports.**—$213.9 million in 1976; $241.4 million in 1975. Major suppliers: France 54.3 percent; Germany, 11.4 percent; Japan, 5.4 percent; Italy, 4.9 percent; U.S., 3 percent. Major imports: rice, crude petroleum, transport machinery and electrical appliances. From U.S: animal oils, fats, construction and mining machinery, aircraft.

**Exports.**—$291.8 million in 1976; $300.2 million in 1975. Major markets: France, 28.8 percent; United States, 19.9 percent; Japan, 10.6 percent; Germany, 7.3 percent; Italy, 5.4 percent. Major exports: coffee, meat, fish, petroleum products, sugar, cloves, vanilla, raffia. To U.S: coffee, vanilla, cloves and clove oil.

**Trade Policy.**—Madagascar is an associate member of the EEC; tariff preferences to EEC countries are expected to be abolished. Import quotas allocated to importers based on taxes paid and previous import levels. All imports, regardless of source, are subject to quotas and must be licensed except for industrial raw materials, spare parts, and pharmaceuticals which receive automatic licenses not subject to quotas.

**Trade Prospects.**—Best sales opportunities are in construction and mining equipment, agricultural and livestock equipment, food processing machinery textile and metalworking machinery. Also, specialized equipment and machinery not available elsewhere.

## *Foreign Investment*

Small, mostly French. Some U.S. investment in petroleum exploration. United States has investment guaranty agreement with Madagascar.

**Investment Prospects.**—New private investment in Madagascar very limited and incentives in the Investment Code promulgated in 1973 have been inadequate to attract much interest. Best prospects in mining and fertilizer production.

## *Finance*

**Currency.**—Madagascar franc (FMG): 247 FMG = S1. As of July 1977, money and near-money supply $380.6 million.

**Domestic Credit and Investment.**—Four commercial banks supply short-term loans.

**National Budget.**—$327.8 million total expenditures for 1975 budget, which projected continued austerity.

**Foreign Aid.**—France provides the bulk of foreign assistance; European Development Fund, the United States, West Germany also give assistance.

**Balance of Payments.**—$18 million trade deficit estimated for 1977. Official foreign exchange reserves approximately $32.4 million in December 1977 due to increased imports of rice and materials and capital equipment for development projects.

## *Economy*

Predominantly agriculture; GDP estimated at $1.8 billion in 1977 ($213 per capita).

**Agriculture.**—Exports—mainly coffee, cloves, vanilla, and meat—increased by 21 percent in 1974.

**Industry.**—Manufacturing accounts for about 12 percent of GDP. Major industries include meat processing facilities, a brewery, tobacco, biscuit, and cement factories, two automobile assembly plants, paper mill, and a large refinery.

**Commerce.**—State trading company (SONACO) established 1973 and aims to control over half of country's foreign trade. Malagachization of commerce is government's goal, although large business enterprises dominated by French, Indian and Chinese retailers are still important. Consumer price (July 1972—100) 138 in 1974.

**Development Plan.**—Third Plan (1974–77) aims at 3.2 percent average annual growth through capital expenditures of $704 million of which foreign aid and investment is projected at $208 million.

## *Basic Economic Facilities*

**Transportation.**—Two unconnected public railroad systems total 532 miles of 1-meter track. Of 20,000 miles of roads, about 2,500 miles are paved. Major seaport is Tamatave. Antananarivo and Majunga airports accommodate long-distance jets; Air Madagascar is national carrier.

**Communications.**—Domestic and international telephone and telegraph service via cable and satellite earth station.

**Power.**—Outside urban centers, the island is not electrified. Production estimated at 237 million kWh in 1974. Extensive hydroelectric potential.

## *Natural Resources*

**Land.**—Island's total area is 226,656 square miles. Mountainous plateau rises sharply in east and descends gradually in terraces to west.

**Climate.**—Warm and rainy in eastern coastal strip, moderate in central highlands, and hot and dry on southwestern coast.

**Minerals.**—Graphite, mica, chromite, and uranotherianite mined and exported. Vast unexploited petroleum reserves in tar sand deposits.

**Forestry.**—Forests covering 10–20 percent of the land are important source of building materials and fuel. Raffia is exported.

**Fisheries.**—Limited development of saltwater fishing. Freshwater fishing is important for domestic market.

## *Population*

**Size.**—Estimated at 8 million 1974, 38 percent rural; annual growth rate 2.5 percent. Principal cities: Antananarivo, the capital, 321,000; Tamatave, 49,400; Majunga, 43,400.

**Language.**—Official languages: Malagasy and French.

**Education.**—Literacy rate 39 percent, with 75 percent of school-aged children in primary school and 100,000 in secondary schools.

**Labor.**—Of an economically active population of 3.6 million, 84 percent engaged in agriculture. Shortage of skilled and managerial personnel. Guaranteed minimum wage applies to private and public sector.

# Market Profile—MALAWI

### Foreign Trade

**Imports.**—$205.7 million in 1976; $250 million in 1975. Major suppliers, 1976: South Africa, 29.5 percent; U.K. 22.2 percent; Japan, 7.7 percent; U.S. 3.4 percent. Principal imports: textiles, motor vehicles and petroleum, pharmaceutical and food products. From U.S: oil seeds/oil nuts/oil kernels, machinery and appliances, animal oils and fats.

**Exports.**—$160.2 million in 1976; $136.8 million in 1975. Major markets, 1976: U.K., 42.4 percent; U.S., 11.3 percent; Netherlands, 6.2 percent; South Africa, 5.2 percent. Principal exports: tobacco, tea, peanuts, cotton. To U.S: sugar, tea, mate, tobacco.

**Trade Policy.**—No restrictive import licensing or exchange controls on most U.S. goods. Signatory of 1975 Lomé Convention. Associate member of EEC. Trade agreement with South Africa in force.

**Trade Prospects.**—Best U.S. export prospects for agricultural and construction equipment, trucks, domestic appliances and textiles. U.S.-produced chemicals, plastics and rubber, wood, paper and base metal articles, precision instruments, office machinery, railway equipment, agricultural machinery and tools are all competitive under new 1976 tariff structure.

### Economy

**Agriculture.**—Agriculture, forestry and fishing accounted to 87 percent of GDP in 1974. Main cash crops: tea, tobacco, peanuts, cotton, tung. Subsistence crops include corn, sorghum, pulses, root crops, fruits and vegetables. Tobacco and tea exports account for over 70 percent of export total.

**Industry.**—In 1973 manufacturing accounted for 14 percent and building and construction 4 percent of GDP. Distribution, banking and finance, transportation and communications, and other services accounted for 6 percent of GDP.

**Commerce.**—Malawi Government encourages Malawian participation in wholesale and retail trade. Cost of living index (1970 = 100): 144 at year-end 1974.

**Development Plan.**—In program for 1976–78, agriculture and natural resources will account for 31 percent, transportation and communications 40.3 percent, education 3.1 percent and health 2.1 percent of total capital expenditures. Projected expenditures for period include road construction, $28.4 million; new capital city, $9.6 million; Shire Valley Project, $7.4 million; Karonga Rural Development, $7.4 million; Tedzani hydroelectric project, $7.4 million; new international airport, $8.4 million.

### Foreign Investment

Foreign investment is small and primarily British. U.S. investment minimal. U.S.-Malawi investment guaranty agreement in effect since 1967.

**Investment Prospects.**—Foreign investment encouraged. Basic corporate tax rate is 40 percent of net profit. U.S. investment opportunities exist for participation in fertilizer, insecticide, food processing and agricultural implements plants.

### Finance

**Currency.**—Malawi kwacha (.90 MK = US$1) pegged to Special Drawing Rights (SDRs). Money and near-money supply was $129.4 million (July 1976); gross official reserves were $75.6 million (August 1975).

**Domestic Credit and Investment.**—Commercial banking by Bank of Malawi; Malawi Development Bank makes long-term loans and may take equity interest in new enterprises.

**National Budget.**—For fiscal 1976, total revenue was estimated at $78.9 million, expenditures $76.8 million, and development expenditures $48.5 million.

**Foreign Aid.**—Major donors are the World Bank Group, United Kingdom, South Africa, West Germany, the United States, and Denmark.

**Balance of Payments.**—Balance of trade deficit of $63.6 million estimated for 1974. Public external debt was $248.4 million in 1974.

### Economy

Almost 87 percent of population derives its livelihood from agriculture. 1975 GDP (at current prices) was $741.7 million. Real GDP growth rate 18 percent (1975 est.). Inflationary rate close to 18 percent (1974). Tedzani power project, $7.9 million.

### Basic Economic Facilities

**Transportation.**—6,610 miles of roads, of which 607 are paved, 464 are gravel, and 5,539 are unimproved. Two rail links to ports of Beira and Nacala, both in Mozambique. Malawi Railways Ltd. has 5-year development program. Principal airport at Blantyre. Service to Johannesburg, Nairobi, Salisbury, Lusaka and Beira. Lake Malawi is an important freight and passenger transportation artery.

**Communications.**—Facilities exist for international communications. Main urban centers connected by telephone and telegraph. Radio Malawi is government-owned. No television. One biweekly and two weekly newspapers.

**Power.**—16 MW Tedzani Falls hydroelectric station being built on Shire River. 178 million kWh of electricity produced in 1973.

### Natural Resources

**Land.**—45,747 square miles of which one-fifth is lake water. Main geographical feature is the Great Rift Valley which bisects Malawi from end to end; high plateau rises in the west.

**Climate.**—Hot and humid in lowlands; more moderate in western plateau.

**Minerals.**—Production limited to quarrying constructional stone and limestone. Known deposits of bauxite and coal.

**Forestry.**—Large reserves, mostly hardwood.

**Fisheries.**—Fish important in diet. Annual catch estimated at 14,000 tons, over 60 percent of which come from Lake Malawi.

### Population

**Size.**—5.2 million (1975). Annual growth rate 2.6 percent. Principal cities: Blantyre, 170,000; Zomba, 20,000; Lilongwe (the capital), 70,000.

**Language.**—English is official. Local language is Chichewa.

**Education.**—Total enrollment (1974): primary schools, 606,100; secondary schools, 14,200; University of Malawi, 1,100. Total expenditure on education and training, 3.1 percent of GDP.

**Labor.**—Of estimated 1.5 million labor force (1974), 223,000 (15 percent) employed in enterprises of 20 or more workers and 300,000 (20 percent) in small enterprises.



# Market Profile—MALI

### Foreign Trade

**Imports.**—$213.6 million in 1976; $214.8 million in 1975. Major suppliers, 1976: France, 34.8 percent; West Germany, 4.4 percent; United States, 1.2 percent. Principal imports: vehicles and parts, petroleum products, rice, sugar, non-electrical machinery. From U.S: raw textile fibers, machinery, textiles.

**Exports.**—$70.5 million in 1976, $38.1 million in 1975. Major markets, 1976: France, 32.3 percent; West Germany, 13.9 percent; U.S., 1.3 percent. Principal exports: wood manufactures, artworks.

**Trade Policy.**—Associate member of European Economic Community (EEC). One of six countries forming the West African Customs Union (CEAO); imports from these countries exempt from customs duties. Not a member of GATT. Accords MFN treatment only to countries with which bilateral trade agreements exist. Member of Economic Community of West African States (ECOWAS).

**Trade Prospects.**—Foodstuffs, household appliances, office equipment, capital goods for agriculture and infrastructure development, selected noncompetitive consumer goods.

### Foreign Investment

Traditionally small, predominantly French. Minimal American presence limited to banking interest, distribution of petroleum products, and mineral exploration. Investment guaranty agreement with United States since 1964. Government invites foreign private capital and management to join in venture. 1971 Investment Code offers 5-year profits tax holiday, 10-year exemption from import duties and taxes. U.S. investment in petroleum, $2 million.

**Investment Prospects.**—Meatpacking, other agribusiness, and transportation of meat products.

### Finance

**Currency.**—Malian franc (488 MF = US$1), issued and controlled by Central Bank, is freely convertible with backing of French Treasury. Money and near-money supply was $157.2 million in March 1976.

**Domestic Credit and Investment.**—System includes La Banque Centrale de Mali (BCM), Development Bank of Mali (BDM), two commercial banks, Societe de Credit Agricole et d'Equipment Rural (SCAER), and a postal checking system.

**National Budget.**—Balanced with French support at about $76 million for 1974. Deficit of $17 million offset by French funds. Over 60 percent of total expenditures for government employment.

**Foreign Aid.**—Mainly from France, EEC, United States, UNDP.

**Balance of Payments.**—Characterized by persistent deficits, $32 million in 1976.

### Economy

Subsistence agriculture; hopes pinned on livestock, increased basic manufacturing and mineral potentials.

**GDP.**—$590 million in 1976; (at current prices) up 11.2 percent from 1975. 43 percent from agriculture, livestock, fishing.

**Agriculture.**—Traditional small-scale farms produce sorghum, millet, rice, and corn for food; peanuts and cotton for export. Livestock is major export earner. $6.9 million in World Bank (IDA) and U.S. loans will assist in rice development and cattle raising.

**Industry.**—Contributes 14 percent of GDP. Main activity is in food processing, textiles, leather, cement, and electric power; some oil exploration by U.S. affiliates. Existing plants being expanded.

**Commerce.**—Six State enterprises predominate, representing 30 percent of total business and 60 percent of business by modern firms. One company, COMIEX, has a monopoly over all internal and external trade.

**Development Plan.**—Five-Year Plan (1974–78) calls for investments totaling $898 million, of which only 15 percent is to be financed internally; emphasis will be placed on developing agriculture (33 percent of total) and industry (28 percent); other sectors: communications (23 percent); housing, (6 percent).

### Basic Economic Facilities

**Transportation.**—Almost entirely State-operated. 13,000 kms of roads, of which 13 percent paved. 16,000 motor vehicles, of which 13,500 are cars and lorries. 645 kms of railroad being increased with IBRD loans. Bamako's new airport opened September 1974; seven other airfields.

**Communications.**—State-owned and operated; inadequate and costly.

**Power.**—State-controlled. Installed capacity 22,716 kW. Production rose 16 percent in 1973 to 60.9 kWh. Hydroelectric potential on Niger River.

### Natural Resources

**Land.**—Landlocked, 464,873 square miles, almost twice as big as Texas, half of which is desert or semidesert. Average elevation less than 1,000 feet above sea level.

**Climate.**—Hot; average annual rainfall ranges from arid in the northwest to 40 inches in the extreme southwest, mainly July through October.

**Minerals.**—Salt and gold extracted on limited basis. Traces of bauxite, petroleum, uranium, iron ore, gold, copper, manganese, and phosphates have been found. Mining and petroleum codes revised in 1969 to encourage more systematic prospecting.

**Fisheries.**—Important to people living along Niger River; surplus smoked, salted or dried and exported.

**Language.**—French.

### Population

**Size.**—1976, 6.2 million; growth rate 2.3 percent, 11 percent urban. Principal cities: Bamako, the capital, 200,000 people; Kayes, Mopti, Segou, about 30,000 each.

**Education.**—15 percent school-age children in school; 235,000 students, 10 percent literacy.

**Labor.**—Over 90 percent of population engaged in agriculture and livestock raising. Labor force totaled 2.4 million in 1973; salaried only 4 percent.

# Market Profile—MAURITANIA

### Foreign Trade

**Imports.**—$219.7 million in 1976; $215.1 million in 1975. Major suppliers, 1976: France, 43.7; U.S., 9.3 percent; Spain, 7 percent. Principal imports: machinery, vehicles, electrical equipment, foodstuffs, petroleum products, cement, tires. From U.S: construction and mining machinery and parts, motor vehicles and parts, tractors.

**Exports.**—$190.4 million in 1976; $197.2 million in 1975. Major clients, 1976: France, 22.8 percent; Japan, 15.2 percent; Italy, 12.7 percent.

**Trade Policy.**—Associate member of European Economic Community (EEC). Member of Economic Community of West African States (ECOWAS).

**Trade Prospects.**—Equipment sales for development projects, particularly in extractive industries, transportation, agricultural development, and food processing have the best potential.

### Foreign Investment

Totals $45 million; principally French, British, Italian, West German, and Spanish. Liberal investment code. Investment guaranty agreement with United States in force. U.S. interests in petroleum exploration and banking.

**Investment Prospects.**—Mining, livestock, fish, agricultural processing, tourism.

### Finance

**Currency.**—Ouguiya (UM) 46UM = US$1); issued by Mauritanian Central Bank and guaranteed by Arab states. Money and near-money supply totaled $105.7 million in June 1976.

**Domestic Credit and Investment.**—A central bank, two commercial banks, a development bank, a postal checking system and a national savings fund mostly provide short tzrm funds. Significant expansion of domestic credit has been accompanied by a steep decline in net foreign assets.

**National Budget.**—Was balanced at $129 million for 1975, reflecting a 39 percent increase over 1974. A separate capital budget provided about $32 million, mainly for construction and infrastructure.

**Foreign Aid.**—France, EEC, Arab countries are most important source; also, the World Bank and the U.N. Limited U.S. regional assistance in poultry farming, grain stabilization, handicrafts and tourism promotion, PL-480 and self-help ($9 million). Large development assistance program underway for West African Sahel countries (including Mauritania) sponsored by United States and other Western donor nations.

### Economy

Based on mining and livestock. Development projects hampered by a 4-year drought. Dependent upon foreign assistance. GDP was an estimated $380 million in 1976, or $310 per capita.

**Agriculture.**—Confined to scattered oases and along the Senegal River; mainly subsistence, sorghum, millet, corn, rice, sweet potatoes, peanuts, and beans; some gum arabic and dates exported. World Bank (IDA) approved $7.4 million credit for irrigation.

**Livestock.**—Major activity; centered in the southeast. Contributes 10 percent to GDP.

**Industry.**—Iron ore production, most significant industry, reached 12 million tons in 1974, copper ore processing facilities inaugurated in 1974. Production of import substitutes encouraged under the Second Development Plan.

**Commerce.**—Dominated by foreign firms and state trading company, SONIMEX, which controls imports of rice sugar, tea.

**Development Plan.**—Third Economic Development Plan (1976–81) emphasizes development of the rural sector.

### Basic Economic Facilities

**Transportation.**—About 11,800 vehicles (1974 est.), 6,200 kms of road (700 miles improved). New 419-mile railroad links iron mines of Fort Gouraud to improved natural deep-water port facilities at Nouadhibou (formerly Port Etienne). Nouakchott wharf improvements serve copper exports and the bulk of imports. International jet service at Nouakchott and Nouadhibou; 7 lesser airfields.

**Communications.**—International service available. Spanish-built short wave telephone system.

**Power.**—1974 capacity 44.710 kW, 1973 production, 29.9 million kWh.

### Natural Resources

**Land.**—40,000 square miles, a little smaller than Utah, New Mexico, Colorado, and Arizona combined; flat desert and savannah except for low central ridge.

**Climate.**—Hot. Very little rainfall, particularly in north (Sahara). Drought in recent years.

**Minerals.**—Highgrade iron ore and copper production. Some petroleum exploration. Deposits of gypsum, phosphates and diamonds. Uranium research underway.

**Fisheries.**—French, Spanish, and locally owned fishing port complex at Nouadhibou has a 60-vessel fleet; freezing and warehousing facilities, fish meal processing and tuna canning plants with a 300,000-ton capacity. Enlargement of the dock facilities is currently underway. Considerable potential. Fish exports are second leading foreign exchange earner.

### Population

**Size.**—1.3 million (1975), with a 2.5 percent annual growth rate; 18 percent urban. Life expectancy, 43 years. Principal cities: Nouakchott, capital 135,000; Nouadhibou, 26,000; Kaedi, 13,000.

**Language.**—French is commercial language. Arabic.

**Education.**—15 percent of school-age children attend school (1971). Literacy rate 5 percent.

**Labor.**—420,000 in labor force (1975 est.). 90 percent in agriculture, of which 71 percent raise livestock; 18,500 are salaried.



# Market Profile—MAURITIUS

### Foreign Trade

**Imports.**—$335.6 million, 1976; $331.5 million, 1975. Major suppliers, 1976: United Kingdom, 16.5 percent; France, 10.7 percent; Japan, 8.6 percent; Iran, 8.5 percent; West Germany, 6.5 percent; U.S., 2.7 percent. Principal imports: Foodstuffs, manufactured goods, machinery, chemicals, transport equipment, petroleum products. From U.S: Electrical machinery and apparatus, tobacco and fertilizers.

**Exports.**—$212.8 million in 1976 and $298.1 million in 1975. Major markets, 1976: France, 11 percent; U.S., 8.2 percent; Germany, 3.3 percent. Major exports: sugar, tea, molasses. To U.S: sugar, electrical machinery, fish.

**Trade Policy.**—No restrictive licensing or exchange controls on most U.S. goods. Associate member of EEC. Signatory to 1975 Lomé Convention.

**Trade Prospects.**—Best for imports from United States of manufactured goods, light industrial machinery, automotive vehicles and parts; chemicals.

### Foreign Investment

Foreign investment, which accounts for most investment in Mauritius, is largely by French (sugar plantation) and British interests. Modest U.S. participation in joint venture fertilizer plant underway. U.S.-Mauritian investment guaranty agreement became effective May 11, 1970.

**Investment Prospects.**—Government actively encouraging foreign investment. Opportunities offered for establishment of tourism facilities, paper and paper products plant, and fish cannery; others exist for processing of rice, peanuts, copra, and for flour milling. Export processing zones provide facilities at concessionary rates, exemption of import duties on capital goods and raw materials, and 10–20-year tax holiday for export industries.

### Finance

**Currency.**—Mauritian rupee (6.6R = US$1). Mauritius is a member of the Sterling Area. No restrictions on transfers of profits and dividends. Capital transfers subject to 35.7 percent stamp tax. Money and quasi-money supply was $276.3 million as of June 1976.

**Domestic Credit and Investment.**—Expanding bank services offered by five commercial banks. Development Bank of Mauritius finances medium- and long-term loans; can provide equity investment for agricultural and industrial projects.

**National Budget.**—Fiscal 1974 estimated receipts of $98 million, expenditures of $97 million.

**Balance of Payments.**—Financial position varies directly with returns from sugar crop. Current account deficit $11 million in 1973. Net official foreign exchange reserves of $52.4 million on December 31, 1974.

### Basic Economic Facilities

**Transportation.**—Excellent road system totaling 824 miles, of which 79 percent is paved; 27,706 private and 9,000 commercial motor vehicles were registered in June 1974. No railroad. Main harbor at Port Louis. Major international air carriers provide frequent direct connections between Plaisaces Airport and Paris, London, Rome, Frankfurt, Nairobi, and other major cities.

**Communications.**—Domestic telephone service and telegraph cables and radio facilities to rest of world; 84,407 radios and 23,309 television sets licensed as of June 1972.

**Electric Power.**—Plant capacity 52,000 kW, 124 million kWh produced in 1971.

### Economy

Essentially agricultural, centered on large sugar plantations. GDP was $544.7 million in 1973 ($641 per capita); 1973 real growth was 10 percent. The rate of inflation was in 1974.

**Agriculture.**—Principal commercial products: sugar, sugar products, tea. Main subsistence crops: potatoes, peanuts, corn, maioc. Rice, the staple food, is imported.

**Industry.**—Small but expanding base, 23 sugar processing plants. Also processing facilities for tea, tobacco, fibers, matches, alcoholic beverages, shoes, bricks. Plants include dehydrating plant for fruits and vegetables, wig factory, diamond cutting plant, woven/knitted goods factory. Fertilizer plant under construction. Electronic components manufactured and assembled. IBRD financing industrial estate.

**Commerce.**—Most retail trade dominated by Sino-Mauritian sector of population. Average cost of living index (1963 = 100) as of end 1972 was 127.2.

**Development Plan.**—Ten-year plan (1971–80) calls for capital expenditures of $99 million. Port Louis-Curepipe road; sewerage systems, low-cost housing, a hydroelectric plant and thermal station; deep water quay. IBRD loan of $7.2 million for tea development.

### Natural Resources

**Land.**—Pear-shaped island of 720 square miles in Indian Ocean, 38 miles long and 29 miles wide. Situated some 500 miles east of Madagascar; low-lying coast rises to plateau in center; characterized by many rivers. Dependencies include Rodrigues Island and small islands up to 580 miles north and 350 miles east.

**Climate.**—Moderate climate owing to maritime influences; average annual rainfall of 50 inches near coast increases to 200 inches inland.

**Minerals.**—No known mineral deposits; only quarrying.

**Fisheries.**—Good prospects for development. Excellent deep sea sport fishing.

### Population

**Size.**—860,000 (1975 est.). Over 40 percent under age 15; density 1,171 persons per square mile; average annual increase 1.8 percent in 1967–72.

**Language.**—English is official; French and a Creole patois are widely spoken.

**Education.**—1971: Primary: 347 schools, 148,000 pupils and 4,708 teachers; secondary, 137 schools, 46,897 students, and 1,763 teachers.

**Labor.**—Wage earners numbered 260,000 in 1975. Average monthly wage (1971) $281. Experienced managerial and business community. 4 percent of labor force employed in 38 enterprises in export processing zones.

# Market Profile—MOZAMBIQUE

## *Foreign Trade*

**Imports.**—$333.7 million in 1976; $407.6 million in 1975. Major suppliers in 1976 were: France, 15.2 percent; U.K., 10.3 percent; Portugal, 9 percent; Iran, 8.5 percent; U.S., 4 percent. Principal imports: transportation equipment, agricultural, mining and construction equipment, petroleum, wheat. From U.S: wheat, oilseeds, malt extract, machinery and mechanical appliances.

**Exports.**—$302.6 million in 1976; $221.1 million in 1975. Principal markets in 1976 were: Portugal, 15 percent; U.S., 13.3 percent; U.K., 12.1 percent; Japan, 10.7 percent. Major exports: sugar, coconuts, copra, cashews, timber, cotton, tea, sisal. To U.S: nuts, sugar, tea, tobacco.

**Trade Policy.**—Lack of unified legal system for trade disputes, foreign exchange shortage, and "red tape" impede personal sales contacts.

**Trade Prospects.**—Transactions should be on basis of irrevocable letter of credit or other assured method of payment. Opportunities continue for sales of capital goods. Since Mozambique's independence on June 25, 1975, Portugal no longer has trade advantage when prices of goods from other nations are competitive. Prospects for expansion of U.S. exports hampered by Mozambique's economic difficulties and political uncertainties.

## *Foreign Investment*

The stand taken by Mozambique's Government against capitalism and multinational companies and recently initiated nationalization of selected professions (hospitals, lawyers) indicate possible unfavorable environment for long-term U.S. investment. No investment code as yet.

## *Finance*

**Currency.**—Mozambique escudo (30 Mozambique escudos = US$1). Cumulative money supply in 1975 was $607.5 million.

**National Budget.**—Ordinary budget for 1975 totaled $574 million.

**Foreign Aid.**—Aid pledged by People's Republic of China ($56 million; United Nations ($20 million); Sweden and Portugal ($20 million each); Netherlands ($10 million).

**Balance of Payments.**—Overall deficit of $22.1 million 1975. Continuing deficients indicated as result of decline in earnings from transportation and tourism. Gold and foreign exchange reserves of $19.5 million as of September 30, 1974. Foreign exchange remittances of workers outside Mozambique important to economy.

## *Economy*

Based primarily on subsistence agriculture. Industry and mining play minor roles. GNP estimated at $2 billion in 1975, per capita BNP, $234.

**Agriculture.**—Main cash crops: sugar, coconuts, copra, cashew nuts, timber, tea, sisal, cotton, tobacco.

**Industry.**—Mainly food processing, tobacco, and textile manufacturing, vegetable oil refining, assembly of transistor radios.

**Commerce.**—Price inflation of 21.7 percent in 1974.

**Mining.**—Some coal, copper, bauxite, beryl, bismuth, iron ore, columbo-tantalite, and gold. Large coal deposits.

**Development.**—1974–79 development plan curtailed. Since independence, emphasis has been placed on rural and village communes, social services, and restructuring of the army for agricultural goals.

**Tourism.**—Government policy is to direct tourism for the benefit of Mozambicans and to reinforce links with Socialist countries. South African and Rhodesian tourists no longer encouraged.

## *Basic Economic Facilities*

**Transportation.**—2,350 miles of railway and 16,000 miles of roads (2,100 paved); 104,640 motor vehicles in 1973. Major airports and seaports at Beira and Maputo and seaport at Nacala. Local DETA airline provides domestic and regional service. Seaports also serve Zambia, Malawi, South Africa and Swaziland.

**Communications.**—Telephone system limited to larger cities (about 33,000 telephones). International telephone and telegraph service. Several radio stations.

**Power.**—Electric power production of 671 million kWh in 1972. Cabora Bassa Dam, completed in 1977, is the largest power facility in Africa. Ultimate capacity 18 million kWh. Massingir Dam being constructed primarily for irrigation.

## *Natural Resources*

**Land.**—303,769 square miles, divided into coastal lowlands, middle and high plateaus, and mountains.

**Climate.**—Varies from tropical to subtropical except in a few upland districts.

**Forestry.**—Large reserves. Main products: timber, fuel wood, mangrove bark.

**Fisheries.**—Fishing industry produces primarily for domestic consumption. Shellfish and canned fish exported.

## *Population*

**Size.**—9.08 million 1974 (est.) with a 2.2 percent growth rate. Major cities: Maputo, the capital, 384,000; Beira, 115,000; Nampula, 31,000. Majority is rural.

**Language.**—Portuguese is official.

**Education.**—Literacy rate estimated at 20 percent. Higher education institutions include the University of Maputo and teacher colleges in Maputo and Beira.

**Labor.**—Labor force includes 900,000 Africans (mostly unskilled), of whom 300,000 work outside the country, 44,000 Europeans and Asians.



# Market Profile—NIGER

## *Foreign Trade*

**Imports**—$173.4 million in 1976; $163.7 million in 1975. Leading supplier, 1976: France, 39.5 percent; Japan, 18.1 percent; Ivory Coast, 8.4 percent; U.S., 5.5 percent. Principal imports: clothing, textiles, machinery, motor vehicles and parts, food and tobacco. From U.S.: used clothing, cereals, tobacco, motor vehicles.

**Exports.**—$86.4 million in 1976; $75.0 million in 197. Principal 1976 markets: France, 82.6 percent; Nigeria, 7 percent. Leading exports: peanuts, livestock, uranium.

**Trade Policy.**—Associate member of European Economic Community (EEC). Member of Economic Community of West African States, and one of five members of the Conseil de l'Entente. Member of West African Economic Community (CEAO) and adherent to Lome Convention.

**Trade Prospects.**—Capital goods and engineering services as needed in support of development projects.

## *Foreign Investment*

Primarily French, significant Canadian and Libyan interest. Investment guaranty agreement with United States in force. Growing American interest in banking, mineral exploration and petroleum distribution. Liberal investment code, 1968.

**Investment Prospects.**—Livestock, uranium, agricultural processing, petroleum exploration.

## *Finance*

**Currency.**—CFA franc (244 CFA francs = US$1), issued by the Central Bank of West African States (BCEAO) which serves six member nations of the West African Monetary Union. France guarantees unlimited convertibility of CFA francs into French francs. CFA franc presently floating with French franc. Money and near-money supply $105 million as of November 1976.

**Domestic Credit and Investment.**—Central Bank, one commercial bank, three development banks, a credit institution, postal checking system, and a French public institution, Caisse Centrale de Cooperation Economique (CCE). Deposits of the price stabilization board ease Niger's banking system.

**National Budget.**—The Central Government Budget for 1976 was $101.6 million.

**Foreign Aid.**—Principally French, including technical assistance, development projects, and budget subsidy. World Bank, U.N., EEC, West Germany, and Canada are other significant contributors. United States was large donor of food grain during drought.

**Balance of Payments.**—A deficit of $33 million was estimated for 1976. Foreign reserves were estimated at $81.9 million in 1976.

## *Economy*

Agricultural and pastoral. Geographically remote, arid climate, poor soil, continued 4 percent net growth rate will depend on mineral exploitation, regional cooperation.

**GDP.**—$491.3 million (est.) in 1976; $102 per capita.

**Agriculture.**—Contributes 60 percent of GDP. Principally subsistence. Production suffered severe setback in 1973–74 drought, but improvement was expected in 1975. Millet, niebe beans, and sorghum are main food crops. Peanuts, livestock and cotton are major foreign exchange earners.

**Industry.**—Accounts for 10 percent of GDP. New tannery, large textile complex, peanut oil plant, oxygen-acetylene plant.

**Commerce.**—Virtual government monopoly. Contributes about 20 percent to GDP.

**Mining.**—Only 2 percent of GDP in 1974, but growing in importance. Niger's known uranium reserves rank fifth in world. Oil and phosphate deposits found early in 1975, but extent is unknown. Iron ore reserves of about 300 million tons.

**Development Plan.**—Present strategy stresses recovery from protracted drought. Agricultural development increasingly aimed at drilling water wells and expanding irrigated areas. Transportation and communications are to be improved to encourage agro-industries. Peanut oil mills, tanneries, a sugar refinery, a cigarette factory, fruit and meat processing plants, and a radio assembly line are projected.

## *Basic Economic Facilities*

**Transportation.**—Niger River is least expensive trade route. New international air terminal at Niamey; 20 other airfields. Air Niger is national airline. Approximately 22,100 motor vehicles estimated in 1973 operated on 4,650 miles of road (2,200 miles improved). No railroad.

**Communications.**—Improvements planned in telecommunications system with Africa Development Bank loan. Government radio and TV broadcasting facilities. Approximately 3,500 telephones in country.

**Power.**—45 million kWh produced in 1972 from five diesel plants, exceeded demand. Costs about 13¢/kWh. Cheaper electric power is expected from Nigeria's Kainji Dam.

## *Natural Resources*

**Land.**—490,000 square miles, approximately the size of Texas, Oklahoma and New Mexico combined. Land-locked plateau; mainly savanna to the south, desert to the north, mountainous center.

**Climate.**— Hot and dry, particularly in north. Extreme differences between day and night temperatures. June to September precipitation.

**Forests.**—Over 10 percent of total area, almost all in the southwest.

## *Population*

**Size.**—4.8 million in 1976, annual growth rate 3 percent; less than 5 percent urban. Principal city and capital, Niamey, 100,000, Zinder 25,000, Mardi 20,000.

**Language.**—French.

**Education.**—Literacy rate, 6 percent. 14 percent of school-age population attends school. College d'Enseignment Superieur, only university, opened in October 1972.

**Labor.**—95 percent in agriculture. Approximately 25,000 wage-earners. Minimum wate equivalent to 10 U.S. cents an hour.

# Market Profile—NIGERIA

### *Foreign Trade*

**Imports.**—$7.9 billion in 1976; $5.5 billion in 1975. Major suppliers, 1975: U.K. 23 percent, West Germany 14.6 percent, U.S. 11 percent, Japan 9.8 percent. Chief imports: machinery and transport equipment, manufactured goods, chemicals, food. From U.S: wheat, construction and mining machinery, pumps, iron and steel, transport equipment, agricultural machinery.

**Exports.**—$9.3 billion in 1976; $8.2 billion in 1975. Major 1975 markets were: U.S. 29 percent, U.K. 14 percent, Netherlands 11 percent, France 11 percent. Chief exports: crude petroleum, cocoa, tin, palm nuts and oil, rubber, hides and skin, leather products. To U.S: crude oil, cocoa, crude rubber, hides and skins.

**Trade Policy.**—Non-preferential, non-discriminatory. Nigeria is a signatory of the new Economic Community of West African States.

**Best Trade Prospects.**—Communications equipment and systems, building and construction supplies and equipment, health care items, energy systems, oil field process plant equipment, agricultural machinery, business equipment, material handling equipment, graphic arts equipment, motor vehicle maintenance equipment.

### *Foreign Investment*

Over $2 billion, about $535 million (1975) from United States, primarily in crude oil exploration and production.

**Investment Prospects.**—Government welcomes foreign investment. Nigerian participation required in all types of enterprises, and government participation and control required in certain "strategic" industries. Tax and import concessions subject to negotiation. Investment guarantee agreement with United States in effect since March 1975.

### *Finance*

**Currency.**—One niara (N) = $1.54 (October 1977). Money supply $5.2 billion (1976). Current overall inflation rate estimated at 22 percent to 30 percent.

**Domestic Credit and Investment.**—Twenty-one merchant, commercial or cooperative banks, four government banking institutions; Lagos stock exchange, and local credit institutions expanding operations as result of oil income.

**National Budget.**—Fiscal 1978 planned federal budget of approximately $11 billion.

**Foreign Aid.**—IBRD is the largest source; United Kingdom, France, Japan, West Germany, Netherlands, United States, and Canada are other significant technical assistance sources.

**Balance of Payments.**—Although the balance of trade reached $2 billion in 1976 the balance of payments account was a negative $382 million due mostly to service imports of over $2.2 billion. Foreign exchange reserves totaled $5.5 billion at year-end 1976, close to 6 percent less than the 1975 level.

### *Economy*

Based on subsistence agriculture, but oil provides most of disposable income. Growing manufacturing sector.

**GDP.**—$25.5 billion in fiscal 1976, about $328 per capita. Real annual growth rate about 10.3 percent.

**Agriculture.**—Food production is not adequate to supply domestic demand. Normally world's largest exporter of palm products, second in cocoa; large rubber and cotton producer.

**Minerals.**—Most rapid growth sector. Crude oil production reached over 2 million barrels per day in June 1977. Oil accounts for 94 percent of total export earnings. Flaring of over 2 billion cubic feet of natural gas per day should end with the planned construction of LNG facilities. Tin, coal, marble, and limestone are mined.

**Industry.**—Traditionally textile oriented. But increased income from oil has fostered a boom in construction, food processing, oil related and import substitute manufacturing. Industrial production growing at a 20 percent rate annually.

**Commerce.**—The Nigerian Enterprises Promotion Decree of January 1977 requires a minimum of 40 percent participation by Nigerians in all business enterprises.

**Development Plan.**—The Third National Development Plan, 1975–80, stresses agriculture, industry, transportation, communications, utilities, and other improvements costing around $68 billion.

### *Basic Economic Facilities*

**Transportation.**—Third National Development Plan provides $8.6 billion for road development. Present 64,000-mile road network (11,000 miles paved) accommodates over 250,000 registered vehicles; railways carry 1.3 million tons of freight and provide passenger services for approximately 6 million people per year over its 2,700 miles of track; international airports in Lagos, Kano, Maiduguri; internal airfields at 19 state capitals, other cities. Lagos port facilities being expanded with aid of $55 million IBRD loan.

**Communications.**—International telegraph, radio, television, telephone, and telex facilities are Government-operated.

**Power.**—Demand for power will require about $75 million annually to sustain the required 350 percent growth over the next decade. Present capacity estimated at 658 MW.

### *Natural Resources*

**Land.**—356,700 square miles, a little larger than Texas and Utah combined. Mangrove swamps, tropical rainforest in south, central plauteau, northern savanna.

**Climate.**—Tropical in south, northern areas hot and dry. Wet season May to October.

**Forestry.**—12 percent of land in forest reserves.

**Fisheries.**—Commercial fishing; shrimp for export.

### *Population*

**Size.**—About 79 million. 20–25 percent urban. Principal cities: Lagos 1.5 million; Ibadan 1.3 million; Kano 300,000. Estimated non-African population 50,000.

**Language.**—Official and business language is English.

**Education.**—Literacy 30–35 percent, much lower in North; 34 percent of primary age children in school. University enrollment over 23,000 in 1973. Universal Primary Education being introduced at a cost of $5 billion between 1975–80.

**Labor Force.**—About 30 million, of which 64 percent in agriculture, forestry, or fishing.



# Market Profile—RHODESIA

### *Foreign Trade*

Figures for 1976 not published; estimated net merchandise balance of +R$176.1 million.

**Imports.**—$466.2 million, 1972; $480 million, 1971. Statistical details not published since 1965, when major suppliers were United U.K., 30 percent; South Africa, 23 percent; U.S., 7 percent. Principal imports 1965: machinery and transport equipment, textiles, petroleum products, iron and steel products, fertilizers, foodstuffs.

**Exports.**—$558.4 million, 1972; $471.3 million, 1971. Major markets, 1965: Zambia, 25 percent; U.K., 22 percent; South Africa and West Germany, 9 percent each U.S., 2 percent. Principal exports 1965: tobacco, asbestos, copper, apparel, metals, chrome, sugar.

**Trade Policy.**—Prior to Rhodesia's unilateral declaration of independence (UDI) in November 1965, most goods were admitted under open general license and there were no foreign exchange restraints on permitted imports. Availability of foreign exchange now severely restricted by the Rhodesian regime. Single-column customs tariff adopted in February 1967 with preferences offered to Portugal and Southern African countries, except Zambia.

**Trade Prospects.**—Under the economic sanctions program, undertaken in compliance with United Nations Security Council Resolutions, the United States bans all exports to Rhodesia by persons and companies subject to U.S. jurisdiction (including foreign subsidiaries except for a very narrow range of items intended for essential humanitarian purposes (export licenses required)). All imports into the United States of Rhodesian products are prohibited.

### *Foreign Investment*

Pre-UDI direct investment was mainly in mining. Agreements between United Kingdom and United States covering double taxation and guaranty against inconvertibility included Rhodesia prior to UDI.

**Investment Prospects.**—Transfers of funds to Rhodesia by persons subject to U.S. jurisdiction are prohibited.

### *Finance*

**Currency.**—One Rhodesian dollar (R$1) = US$1.50 (October 1977). Total money and quasi-money supply as of July 1977 was R$1,308 million.

**National Budget.**—1976–77 estimated revenue R$547.2 million, expenditures of R$568.7 million. Capital formation, R$375.2 million (est.) in 1975.

**Balance of Payments.**—Surplus of R$43.4 million on the combined 1976 current and capital accounts.

### *Economy*

Rhodesia has developed a more diversified economy in recent years. Development of manufacturing has softened dependence on raw materials export.

**GDP.**—Estimated at R$1.9 billion in 1975.

**Agriculture.**—Principal commercial products in 1965: tobacco, meat, sugar, cotton, tea, peanuts. Main subsistence crops: millet, sorghum.

**Industry.**—Major industries: metals and metal products, food processing, textiles, clothing and footwear, beverages and tobacco, chemicals. Industrial production index was 179.3 in June 1977 (1965 = 100). Emphasis on import substitution.

**Commerce.**—Retail sales index rose to 397.1 in June 1977 (1964 = 100). European (non-African) consumer price index rose to 179.9 as of August 1976 (1964 = 100).

**Tourism.**—Tourism, traditionally an important earner of foreign exchange, suffered an approximately 50 percent drop in 1976; total number of arrivals placed at 169,854 in 1976, of which 140,423 were tourists.

### *Basic Economic Facilities*

**Transportation.**—1,568 miles of railway and 46,000 miles of roads (4,194 miles all-weather, including 2,500 miles paved). Major airports at Salisbury, Bulawayo, Fort Victoria, and Kariba, with good internal service.

**Communications.**—Well-developed telephone, telegraph, radio and television systems with direct telephone dailing between main towns.

**Power.**—In 1974 Rhodesia used 5.6 billion kWh. Present generating capacity is 950 MW; potential capacity by 1985 is 2260 MW.

### *Natural Resources*

**Land.**—150,333 square miles. Consists of central high plateau, lower plateaus lying on either side, and lowlands along rivers.

**Climate.**—Varies from tropical in river valleys to temperate on the high plateau. Rainy season between October and April.

**Minerals.**—Major reserves of asbestos. Other important mineral resources are chrome ore, gold, copper, coal, iron ore, tin.

**Forestry.**—Large reserves of "Rhodesian teak" in northeast.

**Fisheries.**—Commercial fishing confined to Lake Kariba; annual catch, 2,000 tons.

### *Population*

**Size.**—6.7 million (January 1977 est.) including 268,000 non-Africans. Annual growth rate, 3.4 percent. Major cities: Salisbury, the capital 569,000; Bulawayo, 340,000; Gwelo 64,000; Umtali 62,000; 20 percent of population is urban.

**Language.**—English is official and commercial language.

**Education.**—About 80 percent of school-age children receive a minimum of 5 years education. In 1973, 863,619 students enrolled in primary schools, 69,069 secondary. Literacy rate is 25 percent.

**Labor.**—Total employment 1,063,800 in 1975, mostly in agriculture, domestic service, manufacturing. Non-Africans comprise majority of skilled labor. Serious unemployment problem among largely unskilled urban Africans. Average annual earnings; non-Africans $7,644, Africans $686 (1974).

# Market Profile—RWANDA

### Foreign Trade

**Imports.**—$105 million in 1976; $95.9 million in 1975. Major suppliers: Belgium, 20.1 percent; Japan, 11.2 percent; Kenya, 10.3 percent; West Germany, 8.3 percent; U.S. share, 3.8 percent. Major imports: textiles, foodstuffs, capital equipment, vehicles, fuel. From U.S: cereal preparations, vegetable oils, milk and cream.

**Exports.**—$81.1 million in 1976, $42.2 million in 1975. Major markets: U.S., 41.1 percent; U.K., 14.3 percent; France, 14 percent; West Germany, 13.4 percent. Major exports: coffee, cassiterite, tea, wolfram, pyrethrum. To U.S: coffee, spices, tea.

**Trade Policy.**—Associate member of European Economic Community (EEC). Preferential tariffs toward EEC remain largely unimplemented. Import licenses serve mainly statistical purposes.

**Trade Prospects.**—Agricultural processing and road construction machinery, trucks, tires, and food.

### Foreign Investment

Major mining, manufacturing firms foreign-owned, predominantly Belgian. Government taking major interests in foreign enterprises. U.S. presence limited. Investment guarantee agreement and double taxation treaty with United States. Liberal investment law of 1964.

**Investment Prospects.**—Tourism, mineral extraction, export agriculture.

### Finance

**Currency.**—Rwanda franc (93 RwF = US$1) issued and controlled by the National Bank of Rwanda, and floating. Money and near-money supply $59.6 million, 1976.

**Domestic Credit and Investment.**—National bank, two commercial banks, a development bank and a government savings bank offer a wide spectrum of credit.

**National Budget.**—Government expenditure in 1975 was $52.1 million.

**Foreign Aid.**—$38 million in 1973, up 35 percent over 1972; mainly from Belgium, and EEC Fund for Economic Development. UNDP, World Bank, United States and China have made loans for road construction and agriculture.

**Balance of Payments.**—Deficit estimated at $22.2 million in 1975. Foreign exchange holdings in 1975 were $26.3 million.

### Economy

Densely populated and isolated. Largely dependent upon coffee. Subsistence agriculture and some mining.

**GNP.**—$622 million, $148 per capita, in 1976; 5 percent annual growth at current prices.

**Agriculture.**—Generates about 60 percent of GNP. Pyrethrum, tea and coffee comprised 80 percent of export earnings in 1973. Marketing and diversification of agricultural production managed and financed by Rwandan Office of Industrial Crops (OCIR). Subsistence rice, manioc, bananas, sweet potatoes, peanuts, beans, sorghum and sugar. $3.5 million livestock project financed by World Bank (IDA).

**Industry.**—Contributes less than 4 percent of GDP. Mainly food processing (coffee, tea, brewery, peanut oil, confectionery, flour and milk). Two textile mills, and plants for pyrethrum extraction and manufacture of soap, paint, pharmaceuticals, furniture, formica, aluminum goods and radio assembly are in operation. Handicrafts important.

**Commerce.**—Credit policies encourage small national traders. Considerable government participation. Consumer price index in 1975 was 193.1 (1970 = 100).

**Tourism.**—Spectacular scenery, historical ruins, and game parks accessible from international airport and hotel accommodations for 500 persons nightly in Kigali.

### Basic Economic Faciliies

**Transportation.**—Network of about 1,300 miles of main road and 2,400 miles of secondary roads. Over 11,000 vehicles (1975). Government aims to establish national truck transport corporation.

**Communications.**—Government-operated postal, telegraphic, telex, international telephone service available. Local telephone system, currently less than 2,000 instruments, being improved.

**Power.**—Installed hydro capacity 12 MW, thermal 1.5 MW, in 1973. Consumption of electricity was 30 million kWh in 1972, much of it imported from Zaire.

### Natural Resources

**Land.**—10,169 square miles, a little larger than the State of Vermont, landlocked between Zaire and Tanzania. Very mountainous terrain, with altitudes of up to 13,500 feet.

**Climate.**—Temperate because of high altitudes although the country is close to the Equator. Average annual rainfall of 50 inches occurs mainly February to May, November and December.

**Minerals.**—Cassiterite (tin oxide) production has leveled off since 1964 at 2,000 tons. Wolfram (tungsten ore) output 635 tons in 1973. Columbo-tantalite, ambylgonite and beryl are also mined. Exploitation of Lake Kivu methane gas being studied. 1974 Mining Code and reforms aim to attract capital for mineral exploitation.

### Population

**Size.**—Estimated 4.2 million in 1977 (est.), 5 percent urban, with annual growth rate of 2.17 percent. High density in Africa apart from Nile Delta. Kigali, the capital, has about 60,000 people.

**Language.**—Kinyarwanda, the national language, and French for commerce.

**Education.**—25 percent literacy rate; 60 percent of school-age children in schools; 420,000 students; National university; $8 million World Bank loan for education in 1975.

**Labor.**—95 percent engaged in agriculture or small handicrafts. Wage earners numbered about 70,000 in 1973; a minimum wage of between 28 and 35 U.S. cents per day has been in effect since 1971.



# Market Profile—SAO TOME AND PRINCIPE

### Foreign Trade

**Exports.**—1972: $10.3 million; principally cocoa, coffee, palm oil, copra, bananas; principally to Portugal.

**Imports.**—1972: $5.4 million, principally from Portugal, foodstuffs and manufactures.

**Trade Policy.**—Country intends to abolish preferences formerly granted to Portugal; also considering accession to Lome Convention.

**Foreign Investment.**—Principally Portuguese; government to place emphasis on light manufacturing; tourism to receive low priority.

### Finance

Currency is escudo, $1.00 = 31.472 escudos.

**National Budget.**—Revenues and expenditures largely balanced in 1972 at $5.4 million.

**Balance of Payments.**—Generally favorable balance of trade.

### Economy

**GDP/GNP.**—No figures available.

**Agriculture.**—Principal source of income and employment; largely plantation based. These farms mostly Portuguese owned, were nationalized following independence in 1975; output has fallen. Principal crops: cocoa, coffee, and palm oil.

**Industry.**—Fishing and fish processing receiving priority.

### Basic Economic Facilities

**Transportation.**—International airport at Sao Tome; serviced by TAG and Air Gabon. Airport expansion to await external financing; 288 km of road (1973).

**Communications.**—Three wireless stations, 677 telephones.

### Natural Resources

**Land.**—374 sq. miles; principally volcanic.

**Climate.**—Tropical; heavy rainfall, September to May.

### Population

**Size.**—74,541 (1970).

**Language.**—Portuguese.

**Education.**—Forty-six primary schools (10,015 students), four secondary schools (2,394).

# Market Profile—SENEGAL

### *Foreign Trade*

**Imports.**—$730.8 million in 1976; $576.4 million in 1975. Major 1976 suppliers: France, 39.7 percent; U.S., 6.2 percent; Netherlands, 5.6 percent. Leading imports: food (rice, sugar), metals, machinery. From U.S: aircraft, ships and boats, construction and mining machinery.

**Exports.**—$425.6 million in 1976; $349.3 million in 1975. Principal 1976 markets: France, 54.5 percent; U.K., 8.7 percent. Principal exports: peanuts, phosphates, fish.

**Trade Policy.**—Associate member of European Economic Community (EEC). Member of Economy Community of West African States (ECOWAS).

**Trade Prospects.**—Promising market possibilities for building and construction equipment, energy systems, communications equipment and systems and fishing supplies.

### *Foreign Investment*

Principally French. American investment includes distribution facilities of three petroleum companies, offshore petroleum concession, phosphate extraction, seafood freezer plant, vegetable growing, housing and hotel project, and minority interests in four commercial banks. Investment guaranty agreement with United States in force. Liberal new investment code enacted in 1972.

**Investment Prospects.**—Mineral exploration, cotton, fishing, livestock and tourism look promising.

### *Finance*

**Currency.**—CFA francs (244 CFA francs = US$1), issued by the Central Bank of West African States (BCEAO) which serves six member nations of the West African Monetary Union. France guarantees unlimited convertibility of CFA francs into French francs.

**Domestic Credit and Investment.**—Four commercial banks, a national development bank, and a French public institution offer predominantly short-term credit, mainly for peanut crop. A national financial assistance and guarantee corporation assists new Senegalese firms with term lending.

**National Budget.**—$404 million in 1974–75, an increase of 20 percent over 1973–74. Sixty-six percent of budget financed from internal revenues, the rest from foreign aid.

**Foreign Aid.**—Extensive aid, including technical assistance from IBRD, U.N., EEC, principally France. United States furnished $7 million loan in 1975 for agricultural development. 1977 estimate of U.S. assistance is $8.32 million.

**Balance of Payments.**—$12.6 million deficit estimated in 1976.

### *Economy*

Subsistence agriculture, heavily dependent upon peanuts, recovering from long drought. Industrialized base operating below capacity. Phosphate mining important.

**GNP.**—$1.6 billion (1976 estimate), $315 per capita. Annual growth rate 8.6 percent. About 38 percent from trade-finance, 30 percent from agriculture, 16 percent from manufacturing.

**Agriculture.**—Bad weather and poor prices helped diversification from peanuts into fruit, vegetables, cotton, fish, livestock for export. Millet, sorghum, rice, cassava, sweet potatoes, corn, cowpeas grown for local consumption.

**Industry.**—Probably 90 percent controlled by foreign and semipublic enterprises. Over 200 firms, primarily engaged in processing raw materials into finished products for export and consumption. Government's new policy to crush entire peanut crop for export of oil and cake will improve mill capacity, boost employment, and further stimulate the economy.

**Commerce.**—French influence predominates. Foreign private sector centered in Dakar. Government pushing Senegalization; industrial estate planned for Dakar.

**Tourism.**—Most promising sector of economy; total number of tourist class hotel rooms in Dakar is 2,000.

**Communications.**—Press, newsreel, wire, TV, and radio services represented. About 30,000 telephones in service. Member Intelsat.

**Power.**—Installed capacity over 110,000 kW, all thermal.

### *Natural Resources*

**Land.**—76,124 square miles, about the size of South Dakota, mostly high plains, semidesert; laced by four rivers.

**Climate.**—Four climate zones. July to October rainy season averages 60 inches.

**Minerals.**—Calcium phosphate production (1974) 1.4 million MT, aluminum phosphate production 500,000 MT; limestone, titanium, and salt also commercially significant.

**Forestry.**—Covers about 27 percent of total land; unexploited.

**Fisheries.**—Fastest growing sector, second in importance after peanuts.

**Development Plan.**—Fifth Development Plan released in 1977 calls for $1.75 billion investment.

### *Basic Economic Facilities*

**Transportation.**—About 61,000 vehicles on about 13,000 km of roads (2,500 paved) appear to be sufficient. Railroad (1,150 km.) being modernized. International airport and port at Dakar.

### *Population*

**Size.**—5.1 million (1976 est.), 2.7 percent annual growth.

**Language.**—French.

**Education.**—Literacy rate, 5–10 percent. About 24 percent of school-age children attend over 500 schools.

**Labor.**—1.6 million; 80 percent in the primary sector (agriculture, livestock raising).



# Market Profiles—SEYCHELLES

### *Foreign Trade*

**Imports.**—$15.1 million (1971). Major suppliers: U.K., 44 percent; Kenya, 17 percent; U.S., 2 percent. Principal imports: machinery and transport equipment, manufactured goods, and food.

**Exports.**—$1.8 million (1971). Major markets: India, 45 percent; United States, 27 percent; United Kingdom, 12 percent. Principal exports: cinnamon and copra.

### *Foreign Investment*

Since 1971, the United Kingdom has invested approximately $50 million for major capital projects.

### *Finance*

**Currency.**—5.5 (approx.) Seychelles rupees = $1.

**National Budget.**—$12.6 million in 1974.

**Foreign Aid.**—Mostly from United Kingdom; some PL-480 and AID self-help funds provided by the United States.

### *Economy*

**Agriculture.**—Major crops: copra, cinnamon, vanilla.

**Industry.**—Major areas: copra, tea, and vanilla processing, coconut oil, a brewery and soft drinks plant, and a cigarette factory. Plans to develop a commercial fishing industry.

**Tourism.**—Most promising source of income in the future. One major hotel opened in mid-1975.

### *Basic Economic Facilities*

**Transportation.**—Inter-island travel is accomplished via ferry between the major islands (Mahe, Praslin and La Digue), and by auxiliary schooners to the outlying islands. The new international airport is served by BAC and British Caledonian.

**Communications.**—Adequate cable and wireless contact through Africa and Yemen (Aden).

### *Natural Resources*

**Land.**—Eighty-five islands comprise the 156 square miles.

**Climate.**—Equable and healthy, although quite humid.

### *Population*

**Size.**—60,000 (1973); Victoria, the capital has 14,000 inhabitants.

**Language.**—English (official), Creole.

**Education.**—Literacy rate, 60 percent.

# Market Profile—SIERRA LEONE

### *Foreign Trade*

**Imports.**—$124 million in 1976; $135 million in 1975. Major suppliers, 1976: U.K., 24 percent; U.S., 9 percent; EEC, 16 percent; Japan, 8 percent. Principal imports: manufactured goods, including cotton textiles, clothing and footwear; machinery and transport equipment; food, principally grains. From U.S: wheat, used clothing, tobacco, rice, earthmoving equipment.

**Exports.**—$105 million, 1976, $105 million, 1975. Major markets, 1976: U.K., 6 percent; Japan, 8 percent; U.S., 10 percent; EEC, 16 percent. Principal exports: diamonds, bauxite, palm kernels, coffee, cocoa. To U.S: coffee, diamonds, rutile, cocoa.

**Trade Policy.**—An "Open Door" policy; nonpreferential tariff. Increased use of import licensing to protect infant industry. Import controls introduced during 1976.

**Trade Prospects.**—Agriculture, agro-industries and mining equipment.

**Foreign Investment.**—Government very interested in attracting foreign investment. No investment code in effect. U.S. investment in rutile and diamond mining, an oil refinery, a fishing complex, and a flour mill, and indirect participation in one bank. Investment guaranty agreement with United States in effect since 1961.

**Investment Prospects.**—Mining, fishing, tourism and agro-industries.

### *Finance*

**Currency.**—1 Leone = US$0.90 (November 1977). Member of sterling area; central bank quotes rates based on pound sterling in current London market. Money supply $67.2 million in August 1977.

**Domestic Credit and Investment.**—Central bank, three foreign-owned commercial banks, National Development Bank, and the Post Office Savings Bank,

**National Budget.**—Expenditures estimated to total $78.2 million during fiscal 1977. Gross public external debt estimated at $157 million at end of 1976. Budget deficit was expected in 1977 and 1978.

**Foreign Aid.**—U.S. bilateral program resuming in fiscal 1977. Recent interest by Italy and People's Republic of China. World Bank loans for education, roads, power.

**Balance of Payments.**—Deficit of $13.6 million in fiscal 1976. Gross foreign exchange reserves $28.3 million August 1977.

### *Economy*

Stagnating 1976–77. Austerity programs adopted 1976 and likely for some time. Signed IMF standby agreement in 1977 pledging financial reforms.

**GDP.**—$520 million in 1976, per capita $178.

**Agriculture.**—Contributes 31 percent of GDP. Rice and cassava for consumption; expansion of palm kernel, coffee and cocoa production for export. Ginger and piassava of some importance. Sugar development seen as a possibility by current Plan, in which $97 million is allocated for agriculture.

**Industry.**—Contributes 6 percent of GDP, basically unchanged for 10 years. Small scale, foreign-owned and managed, mainly basic import substitution and fabricating. New brick factory set up in 1977.

**Commerce.**—Transportation sector and trade controlled by State monopolies. Large expatriate firms dominate commercial sector. Consumer price index (1961 = 100) increased to 244 in 1976.

**Development Plan.**—First 5-year Development Plan (fiscal 1975–79) emphasizes agriculture and infrastructure. Projected total expenditure of $757 million; $102 million in fiscal 1975; 43 percent of financing from external sources.

### *Basic Economic Facilities*

**Transportation.**—Major railroad dismantling project underway involving replacement with highway network. Approximately 22,000 vehicles. Freetown, major port, recently improved; smaller ports include Bonthe, Pepel. Modernized international airport at Lungi serves Freetown, 13 smaller airfields.

**Communications.**—International cable and telephone service being modernized. Radio (est. 120,000 receivers), television (est. 1,000 sets), telephones (6,000) and press are government-owned and operated.

**Power.**—Installed capacity estimated at 86.5 MW. Plans to increase existing thermal power production and hydropower potential of Bumbuna Falls.

### *Natural Resources*

**Land.**—27,925 square miles, about the size of South Carolina; mountains, plains, and plateaus situated on the western bulge of Africa.

**Climate.**—Tropical climate, high temperatures and humidity, rainfall heavy June to September.

**Minerals.**—Chiefly diamonds, iron ore, bauxite, large reserves of rutile (a titanium ore), Government policy of 51 percent interest in extractive operations is negotiable. Falling diamond production and cessation of iron mining has had adverse impact.

**Fisheries.**—Local demand exceeds supply, necessitating imports. Shrimp trawler fleet expanding with U.S. Export-Import Bank assistance.

### *Population*

**Size.**—3 million in 1976, growing 2 percent a year, 14 percent urban. Non-African population, about 5,000 Asians and Europeans. Freetown, the capital, estimated population 250,000; Bo, 40,000.

**Language.**—English, Krio, Mende, Temne, ten other native languages.

**Education.**—Literacy rate is about 15 percent. Approximatly 25 percent of school-aged children attend about 1,000 schools. University College of Sierra Leone, and Njala University College.

**Labor.**—Eighty percent agriculture. Labor force estimated at 938,000, of which less than 102,000 are wage earners.



# Market Profile—SOMALIA

### *Foreign Trade*

**Imports.**—$164.7 million in 1976; $196.5 million in 1975. Major suppliers: Italy, 20.9 percent; Kuwait, 9.6 percent; U.S.S.R., 9.5 percent; U.K., 6.8 percent; U.S., 6.4 percent. Principal imports: manufactured goods, cereals, food preparations, transport equipment, chemicals. From U.S: rice, building materials, construction and mining machinery, and agricultural tractors.

**Exports.**—$114.6 million in 1976; $87.5 million in 1975. Major markets: Saudi Arabia 55.3 percent; Italy, 12.5 percent; Guatemala, 5.3 percent; Yugoslavia, 3.7 percent. Major exports: livestock, bananas, hides and meat. To U.S: hides.

**Trade Policy.**—Somalia adheres to the Lomé Convention.

**Trade Prospects.**—American goods are in demand when price competitive. Best prospects in agricultural equipment, food processing, building materials; trucks, aircraft, machinery parts, pharmaceuticals.

### *Foreign Investment*

Government encourages foreign investment. Bilateral investment guarantee with United States signed January 8, 1964.

**Currency.**—6.23 Somali Shillings = US$1. Money and near-money supply totaled $165.6 million in March 1976.

**Domestic Credit and Investment.**—Modern banking system. Separate central, commercial, and development banks are government-owned.

**National Budget.**—1976 budget forecasts a surplus on the current budget of $16 million, with expenditures of about $111 million.

**Foreign Aid.**—Infrastructure projects funded by U.N. agencies, EEC and IDA (Mogadiscio deepwater port); Peoples Republic of China (600-mile all-weather road); and USSR (major irrigation/hydroelectric project at Fanole).

**Balance of Payments.**—Current budget surplus of $50 million in 1975. Gold and foreign exchange reserves of $71.1 million in 1975.

### *Economy*

Over 60 percent of people are nomadic herders. GNP (at current prices) est. at $220 million and per capita GNP $70 in 1973. Public sector includes most financial institutions, utilities, manufacturing. Government agricultural cooperatives and state farms expanding. International private enterprise important in oil exploration.

**Agriculture.**—Traditionally strong in livestock, bananas, sugar cane, sorghum. Diversification into maize, wheat, rice, tobacco and cotton planned.

**Industry.**—Processing of agricultural products emphasized. Light industry includes Mogadiscio and Chisimaio meat processing plants, four fish processing plants, tomato and fruit juice cannery; sugar, shoe, paint, and textile factories; dairy. Small iron foundry planned for Mogadiscio. Cement plant under consideration.

**Commerce.**—Most wholesale commodity trading by public sector. State trading outlets for wide variety of retail goods. Consumer price index 152.4 in 1975 (1966 = 100).

**Development Plan.**—Major emphasis of 1974–78 plan on expansion of agriculture and livestock for self-sufficiency, agro-industry and export. Infrastructure projects also have high priority. Estimated 87 percent of projects to be externally financed.

**Transportation.**—Mogadiscio and Hargeisa are chief air tzrminals. Commercial ports are Mogadiscio, Berbera, Merca, and Chisimaio. 2,731 miles of improved roads and 398 miles paved; 12,338 licensed vehicles in 1973. No railroads.

**Communications.**—Domestic and international telephone service available. Two 5-kW radio stations.

**Power.**—1971 estimated production 21 million kWh. 15,500 kwh installed thermal capacity. Hydroelectric project at Fanole on Giuba River planned.

### *Population*

**Size.**—3.2 million (1976 est.); annual growth rate of 2.3 percent. Principal cities: Mogadiscio, the capital, 400,000; and Hargeisa, 500,000.

**Language.**—Italian, English, and Arabic are used in government and business.

**Education.**—Literacy rate 20 percent (est.), 348 schools had 1972 enrollment of 40,222 elementary school pupils, 20,515. Somali is the language of instruction.

**Labor.**—Livestock production employs 60 percent of the total; agriculture 20 percent; and industry, commerce, and transportation 5 percent. Wage earners number 35,000.

### *Natural Resources*

**Land.**—Area of 246,000 square miles. Northern region is hilly; southern area flat.

**Climate.**—Ranges from tropical to subtropical.

**Minerals.**—Deposits of uranium are being explored. Commercial production confined to salt, charcoal, limestone, and meerschaum. Oil exploration has not yet produced results.

**Fisheries.**—Tuna exports range from $500,000–$1 million per year and account for about 3 percent of foreign exchange earnings. Fish canneries and shellfish processing plant at Chisimaio.

# Market Profile—REPUBLIC OF SOUTH AFRICA

### *Foreign Trade*

Imports (exclusive of petroleum and munitions)—c.i.f. 1976 totaled $6.8 billion. Principal suppliers 1976: U.S., 22 percent; U.K., 18 percent; West Germany, 18 percent; Japan, 10 percent. Major imports: wide variety of industrial machinery and equipment, motor vehicles and components; steel, textiles; office machinery and data processing equipment; transportation equipment. From U.S: motor vehicles, aircraft, construction and mining equipment; organic chemicals.

**Exports (excluding gold bullion).**—1976, $5.2 billion. Major customers: U.K., 22 percent; Japan, 12 percent; West Germany, 11 percent; U.S., 10 percent. Principal exports: precious metals and stones 20 percent; base metals 17 percent; mineral products 14 percent; unprocessed agricultural products 12 percent; prepared foodstuffs 11 percent.

**Trade Policy.**—The Customs Union Agreement with Botswana, Lesotho, and Swaziland provides for common external tariffs, selective tariff preferences to United States and other Commonwealth countries. Extensive licensing and exchange controls system tends to fluctuate in response to internal economic situation and level of foreign exchange holdings.

**Trade Prospects.**—South Africa has experienced an economic slump for the past 3 years. At first this slump was due to the depressed economies of its western trading partners, but is increasingly due to a lack of confidence among foreign and domestic investors in South Africa's political stability. Mining and agriculture have been able to increase GDP slightly while other sectors remain depressed. Foreign exchange contraints have forced the South African Government to maintain strict controls over the level of imports, and to maintain restraints on the domestic economy. Recent indications are that any anti-recessionary efforts by the Government will be directed in fields with minimal import content, e.g. housing.

### *Finance*

**Currency.**—One South African Rand—US$1.15 (since September 1975), money and quasi-money supply as of June 1977 was $14 billion.

**Domestic Credit and Investment.**—Sophisticated financial institutions provide ample credit facilities; substantial installment buying. Short-term and long-term money market facilities available. Prime interest rate: 12 percent. Availability of local credit to foreign firms is restricted. Gross domestic investment of $10 billion during 1976. Total cumulative foreign investment of $11.2 billion in 1972. U.S. direct investment was $1.665 billion at year-end 1976.

**National Budget.**—Fiscal 1978 budget anticipated revenues of $8.5 billion and expenditures of $10.1 billion.

**Balance of Payments.**—Current account deficit of $1.97 billion in 1976 has been reversed. Surplus on current account of $470 million during first half 1977, largely offset by continuing deficit on capital account. Reserves $1 billion as of June 1977, including 9.7 million ounces of gold valued at $42 per fine ounce.

### *Economy*

Economy experienced a period of stagnation in 1977.



**GDP.**—$33.3 billion in 1976 represented a real growth in gross domestic product of 1.3 percent over 1975. Manufacturing is the largest sector, contributing about 24 percent of GDP; mining, 13 percent; and business services, 10 percent.

**Agriculture.**—Diminishing in importance, dropped from 12.1 percent of GDP in 1963, to 8 percent in 1975; major products include sugar, wool, corn, fruit, dairy products, wheat and tobacco.

**Industry.**—Major foreign exchange earner. Light and heavy industry. Major industries: mining, textiles, iron and steel, chemicals, fertilizer, automobiles, metalworking, electrical and nonelectrical machinery and equipment, construction, and mining machinery, Physical volume of production in manufacturing was down 3.9 percent as of June 1976.

**Commerce.**—Modern methods of marketing and advertising. Trend toward larger scale operations including shopping centers, supermarkets, department stores, retail chains, and volume discount outlets. Marketing is becoming increasingly price competitive. Consumer price index rising at 11 percent annual rate.

### *Basic Economic Facilities*

**Transportation.**—Well-developed rail system of 13,761 miles; comprehensive air transport system with over 300 airports, international flights at Jan Smuts Airport, Johannesburg; about 116,000 miles of roads, including nearly 20,000 paved, 3.4 million motor vehicles registered in 1975. Principal harbors at Durban, East London, Port Elizabeth, Cape Town.

**Communications.**—Adequate facilities for both domestic and international needs. National television broadcasts began in May 1975; full programming in January 1976; switch to commercial programming.

**Power.**—Production of 68,405 gigawatt hours in 1976; 1,202 MW capacity installed 1976; 13,164 MW on order or under construction on December 31, 1976.

### *Natural Resources*

**Land.**—472,359 square miles, mostly high plateau.

**Climate.**—Generally temperate, annual mean temperature about 60° F. Rainfall unevenly distributed both geographically and seasonally.

**Minerals.**—Extensive deposits of gold, platinum, coal, diamonds, antimony, iron ore, copper, uranium, manganese, chrome, asbestos, vanadium.

**Fisheries.**—114.1 tons of trawler catch; 1,177,841 tons of Pelagic fish and 2.5 tons of rock lobster landed in 1975.

**Forestry.**—9.8 million acres, or 3 percent of total land area.

### *Population*

**Size.**—25.5 million (1975 est.), annual growth rate about 2.7 percent. Principal cities: Johannesburg, 1,441,366; Cape Town, 1,197,763; Durban, 850,946; Pretoria 563,384.

**Languages.**—English and Afrikaans are commercial and government languages.

**Education.**—Almost 100 percent literacy, and free and compulsory education for white population; education standards for other racial groups vary.

**Labor.**—Employment: (1976) manufacturing, 1.3 million; mining, 658,000; transport and communication, 297,563; and construction, 415,000. Average monthly industrial wage: white $586; Asian $180; colored $150; black $120 (1975).

# Market Profile—SUDAN.

### *Foreign Trade*

**Imports**—$853 million in 1976 ($80 million from U.S.); $900 million in 1975. Major suppliers, 1975; Iran, 14 percent; U.S., 12.6 percent; India, 12 percent; U.K., 11.2 percent; China, 12.6 percent; West Germany, 7 percent. Principal imports: manufactured goods, crude materials, transport and related equipment, machinery, chemicals. From U.S: agricultural and other machinery, wheat, transport equipment, manufactured goods.

**Exports.**—$483 million in 1976; ($19 million to U.S.) $381 million in 1975. Major 1975 markets: Italy, 13 percent; France, 10.5 percent; China, 10 percent; West Germany, 7 percent; U.S., 6 percent; Saudi Arabia, 6 percent. Major exports: cotton, sesame, peanuts, sugan, dura, hides and skins, live animals. To U.S: gum arabic, cotton, hides and skins.

**Trade Policy.**—Open general license policy applies to raw materials for local industry, spare parts, agricultural equipment, medicines, and certain capital and consumer goods. Import quotas applied to goods supplementing locally produced commodities, luxury goods and certain capital and consumer goods. Importers required to file a special "Application for Import License." **Exports regulated to insure local supply.**

**Trade Prospects.**—Machinery and equipment for agriculture, food processing, textiles, transport and construction. U.S. businesses have advantage. Sudan and Arab financiers favor American technology and management.

### *Foreign Investment*

Industrial and Agricultural Investment Acts provide tax holidays and other important concessions to authorized industries. Friendly attitude toward foreigners, especially Americans. At year-end 1975 direct foreign investment estimated at $175 million, of which the U.S. portion was $21 million.

### *Finance*

**Currency.**—Sudanese pound (1SL = US$2.50). Money supply totaled $300 million at the end of 1976.

**Domestic Credit and Investment.**—Bank credit tight, at least as far as long-term loans are concerned. Capital in private hands outside the banking system available for well-conceived enterprises.

**National Budget.**—Fiscal 1976 recurrent expenditures, $880 million; development expenditures, $380 million.

**Balance of Payments.**—At end of 1976 current account deficit of $450 million; gold and foreign reserves $24 million. Extzrnal debt service ratio 20.7 percent.

**Foreign Aid.**—World Bank Group is leading donor. Major infusion of cash aid from Arab oil-producing countries.

### *Economy*

Predominantly agricultural. GDP at current prices $3,925 million and $265 per capita at end of 1976.

**Agriculture.**—Main food crops: sorghum, millet, wheat, sugar. Main cash crops: cotton, oilseeds, gum arabic, and peanuts. Fifteen million acres cultivated (3 million irrigated). Additional 6 million acres for irrigation plus 70 million of rainfed acres and 200 million acres for grazing may have potential.

**Industry.**—Local plants include an oil refinery, cement works, tanneries, breweries and textile, shoe, glass, paint and plastics factories. Manufacturing contributes 11 percent of GDP. Industrial production index (FY 1970 = 100) 127.

**Commerce.**—Indices (1970 = 100): Cost of living 202.6 in 1976; wholesale price index 222, up 14.7 percent from 1975.

**Development Plan.**—$7 billion Six Year Development Plan (Fiscal 1977–83) emphasizes agricultural, transportation, telecommunications, and public health projects. The $6 billion Arab Fund (AAAID) 1976–85 Plan focuses on agro-industry.

**Transportation.**—Direct sea freight service between U.S. ports and Port Sudan (on the Red Sea) good. Inland transport extension is development aim. The 2,895 mile Sudan Railway is largely single track; new double track between Khartoum and country's only port (Port Sudan). Travel outside Khartoum and neighboring countries almost exclusively by air, with Khartoum, Port Sudan, Juba and Al Geneina serving as international airports. There were 84,649 motor vehicles in 1975.

**Communications.**—Khartoum has international telex and telephone connections via satellite. A microwave relay network under construction will provide good connections to several provincial capitals by 1981. Thirteen daily newspapers and 54,070 telephones as of 1972. Television facilities being extended.

**Power.**—Installed capacity is 240 MW. Service largely limited to urban and highly irrigated areas in Blue Nile and Khartoum Provinces. Electric energy consumption was 353 kWh in 1973. Major opportunities for hydroelectric power expansion.

### *Natural Resources*

**Land.**—Largest country in Africa; immense plateau of 967,500 square miles, with sand and arid hills in north; swampland and tropical savanna in south.

**Climate.**—North of latitude 19° N is a desert region. Below latitude 19° N there is movement of dry winds southward during winter and moist winds southward in summer. May and June hottest months.

**Minerals.**—Small-scale production of iron ore, chromite, manganese ore, slate, gold, gypsum. Search for exploitable deposits of petroleum, uranium, asbestos underway.

**Fisheries.**—Annual catch of about 16,000–18,000 tons.

### *Population*

**Size.**—Estimated at 17 million. Annual rate of increase 2.8 percent. Principal cities: Khartoum, the capital, 201,000; Omdurman 195,000; Khartoum North 105,000.

**Education.**—Literacy rate about 15 percent. School enrollment 1971: primary, 789,381, secondary, 102,025. Estimated 18 percent of primary and intermediate school-age children attend school.

**Labor.**—Estimated 8 million wage earners in 1976. Seventy-seven percent of population engaged in agriculture-related activities.

# Market Profile—SWAZILAND

### *Foreign Trade*

**Imports.**—$151 million in 1975; $113.7 million (est.) in 1974. Major supplier is South Africa. Most U.S. trade through third country middlemen. Principal imports: machinery and transportation equipment (20 percent of total); general manufactured goods (16 percent); and fuels and lubricants (10.7 percent). Outlook for direct U.S. exports improving.

**Exports.**—$152 million in 1975; $181.5 million in 1974. Major markets are United Kingdom, Japan, South Africa. Principal exports: sugar, iron ore, wood pulp, chrysolite asbestos, citrus fruit, meat products. To U.S: sugar. 1975 trade surplus estimated at $28 million.

**Trade Policy.**—Customs Union Agreement among Botswana, Lesotho, South Africa and Swaziland provides for common tariffs on all commodities. Generally, no tariff barriers exist with the Customs Union; preferences granted in selected items to the U.K. and other Commonwealth countries. As a signatory of the Lomé Convention of 1975, Swaziland able to trade as associate member with the EEC.

**Trade Prospects.**—Best prospects in construction and communications equipment and for sales to expanding tourist industry. U.S. export opportunities increasing as result of economic diversification.

### *Foreign Investment*

Mainly British and South African. Some U.S. investment in tourism, packaging materials manufacture, and religious radio station. Investment guaranty agreement with United States in effect.

**Investment Prospects.**—State-owned National Development Corporation of Swaziland (NDICS) facilitates feasibility research and local liaison; coordinates factory construction and financial assistance. Best prospects in agribusiness ventures.

### *Finance*

**Currency.**—Member of the sterling area and the South African monetary area. New currency interchangeable with and fully backed by South African rand. One lilangeni (plural emalageni) = US$1.15 (January 1977).

**Domestic Credit and Investment.**—Commercial banking handled by branches of two locally incorporated banks. Swaziland Credit and Savings Bank specializes in agricultural and lowcost housing credit.

**National Budget.**—Fiscal 1975–76 revenues reached $85.6 million. Current expenditures were $43 million, capital expenditures $12 million, and $30 million overall surplus.

**Foreign Aid.**—Primarily from United Kingdom; other sources are the United States, Portugal, Sweden, Denmark, Canada, Germany and multinational organizations.

**Balance of Payments.**—Balance of trade in surplus. Balance of payments surplus estimated at $26 million in 1974.

### *Economy*

75 percent of population engaged in subsistence agriculture; mining and manufacturing increasing.

**GNP.**—GNP estimated at $218 million ($440 per capita) in 1975.

**Agriculture.**—Major food crops: corn, sorghum, beans, and peanuts. Principal cash crops: sugar, cotton, corn, rice, pineapple, citrus fruit, and toabcco.

**Industry.**—Two sugar mills, the Usutu Pulp Mill, sawmills, and a pineapple cannery. A cotton gin, brewery, two knitwear factories, warehouses and workshops, textile factory, and cattle feed plant have been completed. Mining, construction and manufacturing provide 22 percent of GDP.

**Development Plan.**—The 1973–78 plan projects further infrastructural developments. Roads, education and agriculture, power, and low cost housing emphasized.

**Tourism.**—Tourism is big income earner. Domestic and foreign interests have developed motels and hotels; additional first-class facilities desired. Average annual visitors number 450,000.

### *Basic Economic Facilities*

**Transportation.**—2,539 million miles of road, of which 902 miles are all-weather and 241 miles paved; 20,000 motor vehicles in 1974. 140 miles of railroad connecting with Lourenco Marques. Regular air service from Matsapha Airport to Johannesburg, Durban, and Lourenco Marques.

**Communications.**—Government-operated postal, telegraph and telephone services.

**Power.**—Supply generally adequate. Generating capacity was 72.5 MW and 121 million kWh were sold in 1973.

### *Natural Resources*

**Land.**—6,705 sq. miles, consisting of mountain highveld in the west, rolling grasslands in the middleveld, and open savanna in the lowveld.

**Climate.**—Humid, near-temperate climate in highveld; subtropical and drier in middleveld; and hot and dry in lowveld. Rainy season is during October–February. Average annual temperature 60°F–72°F.

**Minerals.**—2 million tons of asbestos fiber worth about $7.5 million produced in 1974. Huge reserves of coal, mostly bituminous and some anthracite; current annual production 510,000 tons.

**Forestry.**—Usutu Forest contains 130,000 acres (55 million trees) produced about 150,000 tons of wood pulp for export in 1974.

### *Population*

**Size.**—494,000 (1976 est.); annual growth rate 3 percent; non-African 15,000; Mbabane, the capital, 22,000; Manzini, the leading commercial and industrial center, 26,000.

**Language.**—English and Siswati are official. English is business language.

**Education.**—81,000 in primary schools and 12,459 in secondary schools. Literacy rate about 36 percent.

**Labor.**—Employment in monetary sector was 57,032 in 1973; 85 percent in private sector.



# Market Profile—TANZANIA

### *Foreign Trade*

**Imports.**—$572 million ($36 million from United States) in 1976; $793 million in 1975. Major suppliers: United Kingdom, China, West Germany and U.S. Principal imports: machinery, transport goods, manufactured goods. From U.S: foods, industrial machinery, transport equipment, agricultural tractors, chemicals, crude materials (except fuels), edible oils, manufactures.

**Exports.**—$460 million ($47 million to U.S.) in 1976; $359 million in 1975. Major markets: U.K., Zambia, India, U.S., and China. Major exports: coffee, cotton, sisal, diamonds, cloves, cashew nuts. To U.S: coffee, spices, cordage, edible nuts.

**Trade Policy.**—Some relaxation of import controls in 1976. State-owned Board of Internal Trade imports and distributes most products other than textiles, stationery, toys, books, office equipment.

**Trade Prospects.**—Earthmoving, leveling, construction, telecommunications, mining, and dairy equipment, agricultural tractors, trucks, grain storage facilities, machinery for cement, textile and paper plants seem to have the best prospects.

**Foreign Investment.**—Investment guaranty agreement in effect with mainland Tanzania. Foreign investment restricted to certain sectors; some areas reserved for public and semi-public enterprises. Fiscal incentives, import duty relief, p'9

more state ownership of basic industries favored. Joint ventures in non-vital areas: textiles, tourism, spare parts and highly technical intermediate industries are good prospects. No foreign holdings are permitted on Zanzibar.

### *Finance*

**Currency.**—Tanzanian shilling (TSh8.3 = U.S.$1 in July 1977). Money supply $577 million at yearend 1976.

**Domestic Credit and Investment.**—State-owned National Bank of Commerce is the only commercial bank. National Investment Bank, Tanganyika Development Fund and parastatal entities mobilize investment funds.

**National Budget.**—Fiscal 1978 budget is for $1,147.3 million ($658 million recurrent and $489 million development expenditures).

**Foreign Aid.**—$268 million pledged for fiscal 1978 grants ($146.5 million). Major donors: World Bank, UNDP, China, Sweden, Netherlands, Canada, U.S., Norway, Japan.

**Balance of Payments.**—1976: $70 million overall surplus; $113 million trade deficit. Foreign exchange reserves were $248 million in 1976 (3-year high). Increase in income from coffee/tea and foodgrain production eased pressure in 1976.

### *Economy*

1976. GDP.—$2,397 million (current prices); 3.5 percent annual growth rate; $161 per capita income; agriculture accounted for 38 percent, commerce 13 percent, services 12 percent, manufacturing 10 percent. Cost of living (1970 = 100): Dar es Salaam, 260 (up 8.3 percent from 1975) and national average, 198 (up 5.3 percent).

**Agriculture.**—Village is basic production-marketing channel. Coffee, cotton, tea, and sisal are principal exports; other cash crops include oilseeds, nuts, tobacco, sugar. Zanzibar is the principal world clove producer.

**Industry.**—Textile, cement, sugar refining, galvanized and aluminum rolling plants, oil refinery yielded a 6.2 percent production rise in 1976. Development focus is on industrialization based on local inputs and import substitution. The 1976 production index was 200 (1966 = 100).

**Tourism.**—Tanzania Tourist Corporation is developing the tourism sector. Zanzibar plans hotels.

**Development Plan.**—Billion dollar 1976–81 Third Plan focuses on light industrial expansion and creation of heavy industry; exploration of Mchuchuma and Songwe/Kiwira coal fields. Investment targets in millions of dollars: agriculture $389, mining $67, manufacturing $567, water and power $185, construction $172, transport and communications $481, and other $759. Projects include sugar plant expansion (Kagera, Mtibwa and Kilombero), integrated textile mills (Musoma and Tabora); weaving, and paper, pharmaceuticals, food processing, kaolin, ceramic and sheet glass plants; petrochemical complex; shoe factory.

### *Basic Economic Facilities*

**Transportation.**—Two railway systems: (2,800 miles and the 1,200-mile Tanzania-Zambia (TAZARA) railway). There is a total of 26,600 miles of roads on mainland including TANZAM Highway and 900-mile oil pipeline to Zambia; 1,635 paved; 84,305 motor vehicles. Three main Indian Ocean ports (Dar es Salaam, Tanga, Mtwara). Inland ports on Lakes Victoria and Tanganyika. Dar es Salaam and Kilimanjaro international airports. 60 percent of domestic cargo moves by truck (10,000 private and 3,000 public). $18 million IBRD-financed trucking industry project. Best export prospects for U.S. firms: aircraft and facilities for new Air Tanzania Corporation.

**Communications.**—30,000 telephones, 140,000 radios; color television on Zanzibar but no TV on mainland. Four submarine cables. Microwave network is major endeavor.

**Electric Current.**—A.C. 50 cycles, 230/240 volts, 1,3 phases, 2,3,4, wires.

**Power.**—490.6 million kWh consumed in 1976 (up 8.5 percent from 1975).

### *Natural Resources*

**Land.**—363,450 sq. miles; 50 percent agricultural. Low, flat coastal strip; central plateau with Lakes Victoria and Tanganyika. Kilimanjaro is highest African peak.

**Climate.**—Tropical near coast; subtropical and temperate inland; semiannual monsoons.

**Minerals.**—Diamonds exported. Production of salt, mica sheets, gem stones, tin concentrates is increasing. Songwe/Kiwira and Ketewaka/Mchuchuma major coal and iron ore deposits. 30 billion cubic liters of natural gas has been found on Songo Songo island. Geita gold mine and Kahama diamond mines to be revived. Wazo Hill Cement Factory being expanded, meets one third of national demand. Central cement plants at Tanga and Mbeya planned.

### *Population*

**Size.**—15.3 million, 1976; 2.7 percent annual growth rate. Principal cities: Dar es Salaam (capital) 630,000 (42 percent of urban population), Arusha 94,000, Tanga 90,000, Tabora 69,000, Iringa 56,000, Morogoro 45,000. About 75 percent of the rural population is settled in "kaya," village cooperatives of 250–400 families. "Ujaama" (collective villages are a longterm goal.

**Language.**—Swahili is official. English widely used in commerce and government.

**Labor.**—457,000 employed in monetary sector, 1976. Average annual wage: $605 (1973).

**Education.**—20 percent of school age and above are literate. 1974 enrollment: 1,140,000 primary; 34,500 secondary, 2,790 university level.

# Market Profile—TOGO

### Foreign Trade

**Imports.**—$266.8 million in 1976; $173.9 million in 1975. Major suppliers, 1976: France, 31.2 percent; U.K., 9.5 percent; U.S., 7.5 percent. Major imports: Machinery and heavy equipment, vehicles and vehicle parts, cotton textiles, food products. From U.S: aircraft, used clothing, passenger cars, tobacco.

**Exports.**—$143.1 million in 1976; $125.8 million in 1975. Major 1976 markets: France, 36.9 percent; Netherlands, 24.6 percent; Germany, 13.6 percent; U.S., .6 percent. Traditional exports: phosphates, cocoa and coffee.

**Trade Policy.**—"Open Door" Associate member of European Economic Community (EEC). One of five members of Conseil de l'entente. Signed International Coffee Agreement. Member of Economic Community of West African States (ECOWAS). Signed Lomé Convention between EEC and 45 other developing nations.

**Trade Propsects.**—Established market for U.S: electrical machinery, heavy equipment, foodstuffs, tobacco products, and used clothing. Potential markets in aircraft, communications equipment, hospital equipment, household wares, chemicals, and agricultural machinery and equipment. Free port of Lome has good location for industry and distribution in West Africa.

**National Budget.**—Balanced at $202.5 million, an increase of 64 percent from 1975 budget. Public debt outstanding was estimated at $222.3 million in 1976; $77.3 million to official creditors, and $144.9 million to private creditors.

**Foreign Aid.**—France and West Germany are the major contributors, with United States, Canada, EEC, World Bank, and the UNDP of increasing significance.

**Balance of Payments.**—In 1976 Togo had a trade deficit of $34.4 million. Foreign exchange reserves were about $38.7 million at end of 1976.

### Economy

Primarily agricultural with industry, phosphate mining, transport services, and commerce sectors expanding.

**GDP.**—$524.7 million in 1976; $233 per capita; 2.5 percent growth rate.

**Agriculture.**—Predominantly subsistence. Cash crop earnings up from $6.4 million in 1973 to $11.2 million in 1974, but both cash and food crop production remains depressed. Main cash crops are cocoa and coffee.

**Foreign Investment.**—Predominantly French. U.S. investment in petroleum exploration and distribution, and two banks. Investment guaranty agreement and treaty of amity and economic relations in effect with United States.

**Investment Prospects.**—Government policy encourages more foreign investment; liberal investment code.

### Finance

**Currency.**—CFA franc (244 CFA francs = US$1) issued by Central Bank of West African States (BCEAO), which serves the six member nations of West African Monetary Union. France guarantees unlimited convertibility of CFA francs into French Francs.

**Domestic Credit and Investment.**—A central bank, five commercial banks, a national development bank, and agricultural credit fund, the postal checking system, a national savings institution and the Caisse Centrale de Cooperation Economique (CCCE—a French public agency) provide short, medium, and long-term credit.

**Industry.**—Dominated by the large phosphate mining operation. Phosphates alone accounted for two-thirds of all receipts in 1975 and roughly half in 1976. Second largest industry and largest employer is German-Togolese-backed Industrie Textile Togolaise, located in interior with 1,400 workers. Production mainly of cotton print. Sales turnover, 1974: $13 million. British-financed oil refinery began production in 1977. Daily output: 20,000 barrels.

**Commerce.**—Larger commercial enterprises dominated by French and Lebanese. The 19 state enterprises and two public agencies market all cash crops and distribute essentials to rural areas.

**Tourism.**—An ongoing tourism campaign, begun in 1973, was highlighted in January 1975 by the opening of the international-class 250-room Hotel de la Paix at Lome.

### Basic Economic Facilities

**Transportation.**—About 4,700 miles of road (1,210 miles paved or surfaced for all weather), used by an estimated 9,500 vehicles. Total 305 miles of government-owned railroad operated at a loss, primarily due to road competition. Modernized deep-water free port at Lome moves imports and exports, with the exception of phosphate exports which pass through a separate port facility at Kpeme; jet airport at Lomé; five smaller airfields.

**Communications.**—International radio and telephone system adequate. Domestic telegraph and 4,600-telephone system are state-operated. Intelsat and TV envisioned.

**Power.**—Domestic capacity (all thermal) over 20,000 kW capacity could not produce 116 million kWh. About 43 percent of domestic consumption in 1973 was supplied from Akossambo Hydroelectric station in Ghana.

### Natural Resources

**Land.**—21,850 square miles, about the size of West Virginia. Six distinct zones: Littoral, plateau, mountains, hills, savanna, and valley.

**Climate.**—Equatorial, hot and humid in the central mountains. April to October rainy season.

**Minerals.**—High grade phosphate production, 2.5 million tons in 1974. Estimated reserves over 100 million tons; in production since 1961. Limited extraction.

### Population

**Size.**—2.25 million (1976), 2.3 percent growth rate. Estimated 50 percent below age of 14. 10 percent urban. Lomé, largest city and capital has a population of 130,000; Sokade, 16,200.

**Lanugage.**—French.

**Education.**—Literacy rate 10 percent. Approximately 40 percent of school-age children attend schools, but the growth in number of classrooms is being outstripped by the rising pupil population. There is a teachers college at Atakpeme and a national university, l'Universite de Benin.

**Labor.**—About 730,000 labor force, about 80 percent dependent on agriculture. Estimated 44,000 wage earners, of whom over 27,000 were in the public sector, and about 20,000 unemployed in 1973. The average hourly wage for unskilled labor is about 25 cents.



# Market Profile—UGANDA

### Foreign Trade

**Imports.**—$160.3 million in 1976; $196.6 million in 1975. Major 1976 suppliers: Kenya, 49.5 percent; U.K., 15.3 percent; West Germany, 9.2 percent; Japan, 4 percent; U.S., 3.9 percent. Principal imports: machinery, transportation equipment, metal manufactures, and chemicals. From U.S: unmilled wheat, aircraft and parts, power generating machinery.

**Exports.**—$360.6 million in 1976; $278.1 million in 1975. Major buyers, 1976: U.S., 33.3 percent; U.K., 20.5 percent; France, 6.3 percent; Italy, 6.3 percent. Major exports: coffee, copper, tea. To U.S: coffee, extracts, tea, nuts.

**Trade Policy.**—Adherent to Lome Convention.

**Trade Prospects.**—Credit and payments problems have had an adverse effect on U.S. exports. Uganda has indicated interest in purchasing agricultural machinery and consumer nondurables.

### Foreign Investment

Investment guaranty agreement with United States no longer in force.

**Investment Prospects.**—Uganda Government nationalized several foreign firms during 1972; public sector participating in commercial trade, banks, insurance companies, oil distribution, and other areas. Government requires participation in future major investment. Closing of U.S. Embassy in Uganda in 1973 has dampened U.S. investment.

### Finance

**Currency.**—Uganda shilling (U sh 7.143 = US$1). Monthly banks clearings average $270 million (Jan.-June, 1975).

**Domestic Credit and Investment.**—Banking system well-developed; finances external trade mainly, but domestic business operations expanding. Government-owned Uganda Development Corporation mobilizes local investment funds.

**Foreign Aid.**—Primarily from the Soviet Union. U.K., major source of aid, cut off loans in 1972. No U.S. aid at present.

**National Budget.**—Fiscal 1974 revenues; $215.7 million: expenditures, $318.4 million, of which $83.2 million went for development purposes.

**Balance of Payments.**—Merchandise surplus in 1973. Payments deficit of $5 million. Gross foreign exchange reserves $44 million.

### Economy

Small-scale subsistence agriculture is the predominant economic activity; agricultural activities account for 56 percent of total production and 90 percent of livelihood.

**GDP.**—$1.7 billion in 1974; per capita GDP $123. Rate of growth a negative 1 percent in 1974. Cost of living increases 11.3 percent, 12.2 percent, and 24.3 percent in 1973 for high, middle and low income groups, respectively.

**Agriculture.**—Output up in 1975. Monetary sector production dominated by coffee and cotton. Other cash crops include sisal, peanuts, tobacco; development emphasis on tea, sugar, livestock. Subsistence sector produced plantains, millet, corn beans, sweet potatoes, and cassava.

**Industry.**—Primarily engaged in processing agricultural raw materials and textile manufacture; production of consumer goods for local and regional market increasing. Manufacturing output fell in 1975; generates 7.8 percent of GDP.

**Development Plan.**—Overall objective of 20-year development scheme is doubling per capita income by 1981. Third plan, 1971–76, projects total investment of $1 billion, of which public expenditures account for an estimated $658 million.

### Basic Economic Facilities

**Transportation.**—Railway, harbor, aviation services are maintained on a regional basis by the East African Community Corporation. A 760-mile meter gauge rail system is a major means of freight transport, connecting landlocked Uganda with Kenya's port of Mombasa. A highway system of 14,600 miles serves 42,000 motor vehicles (1974). International airport at Entebbe and 10 other airfields of medium size.

**Communications.**—East African Posts and Telecommunications operates telephone, telegraphs, and postal services; radio is used for internal communication; there are television services in Kampala and suburbs.

**Power.**—Vast hydroelectric potential. 1971 production: 817 million kWh. Owen Falls hydroelectric power exported to Kenya. 150,000 kWh installed capacity.

### Natural Resources

**Land.**—91,070 square miles; 16 percent agricultural land; 18 percent water and swamp. Soils have high organic content; some volcanic soils.

**Climate.**—Mild, with adequate rainfall, although northern sections may experience drought between rains.

**Minerals.**—Principally copper, tin, gold, phosphates, and salt.

### Population

**Size.**—estimated at 11.7 million in 1975, 98 percent African. Annual growth rate 3.4 percent. Increasing urbanization. Principal cities: Kampala, the capital, 331,900; Jinga, industrial center, 52,500.

**Languages.**—English is official; numerous native languages.

**Education.**—Literacy rate 30 percent; 1969 primary school enrollment: 709,708; vocational and secondary school enrollment: 37,485. Makerere College at Kampala.

**Labor.**—Majority working population engaged in agriculture. Government employs over 50 percent of wage earners; private sector employment declined 10 percent in 1973. Total reported employment was 308,000 in 1970. No foreign unskilled labor permitted in Uganda.

# Market Profile—UPPER VOLTA

### *Foreign Trade*

**Imports.**—$139.3 million in 1976; $131.4 million in 1975. Major 1976 suppliers: France, 50.5 percent; Ivory Coast, 11.6 percent; U.S., 8.8 percent. Major imports: machinery, petroleum products, textiles, motor vehicles and parts. From U.S.: used clothing, cereal flours, dry milk and cream.

**Exports.**—$54.7 million in 1976; $33.3 million in 1975. Major 1976 markets: France, 22.4 percent; U.K., 18 percent; Ivory Coast, 15 percent. Principal exports: livestock, cotton, and peanuts. Exports to U.S.: brooms, brushes, art.

**Trade Policy.**—Associate member of European Economic Community (EEC), one of five countries forming West African Economic Community and one of five members of the Counseil de l'Entente. Member of Economic Community of West African States (ECOWAS).

**Trade Prospects.**—Capital goods in support of livestock production, agricultural processing, telecommunications, and mineral exploration and exploitation seem to have the best prospects.

### *Foreign Investment*

Minimal, almost totally French. U.S. interest limited to participation in one commercial bank. Investment guaranty agreement with United States in force. Liberal 1970 Investment Code provides for lower customs and taxes.

**Investment Prospects.**—Exploitation of manganese ore, commercilization of cattle industry, agriculture for export, and tourism. The Liptako Gourma Authority may develop investment possibilities in mineral, agribusiness and infrastructure projects.

### *Finance*

**Currency.**—CFA franc (244 CFA francs=US$1) issued by the Central Bank of West African States (BCEAO) which serves six member nations of the West African Monetary Union. France guarantees unlimited convertibility of CFA francs into French francs. CFA franc presently floating with French franc. Money and near-money supply $130.4 million in 1976.

**Domestic Credit and Investment.**—In addition to the Central Bank, there are two commercial banks: Caisse Centrale de Cooperation Economique (CCCE, a French public institution) and the National Development Bank.

**National Budget.**—1976 budget was $96.4 million. Increased priority for economic development.

**Foreign Aid.**—Heavy reliance on France and EEC. Growing World Bank and U.N. role. About $75 million in aid in 1974.

**Balance of Payments.**—Deficit of $1.5 million in 1976. Foreign exchange reserves were $64.6 million in 1976.

### *Economy*

Overwhelmingly rural in character, 80 percent of the population engaged in subsistence agriculture. Livestock is the principal foreign exchange earner.

**GNP.**—$644 million in 1976 at current prices; $107 per capita (current prices.)

**Agriculture.**—Contributes 55 percent of GDP. Subsistence sorghum, millet, and corn. River blindness, carried by a fly inhabiting river regions, frustrates use of fertile marsh land. Cash crops: cotton, peanuts, sesame. Cotton production is expected to reach 150,000 tons annually by 1980, assisted by a $10 million project in the Black Volta region, of which over $6 million is World Bank (IDA) financing.

**Livestock.**—2.5 million head. Main export; contributes 12 percent of GDP and 49 percent of export earnings.

**Industry.**—Accounts for 6 percent of GDP. Principally processing of agricultural commodities; cotton textiles, sugar refining, flour, cigarettes, oil and soap, and leather manufactures, with stimulation from the National Development Bank.

**Commerce.**—French dominance, some government participation. About 270 corporate entities exist. Increased "Voltaization". 1975 consumer price index 21.8 percent through second quarter 1975.

**Development Plan.**—Second 5-year plan, 1972–76, was essentially a list of 500 projects in agribusiness, Tombao manganese and the Liptako-Gourma Authority. Eighty percent of $270 million investment financed by foreign aid. The first plan (1967-70) realized 84 percent of goals at a cost of $72 million.

### *Basic Economic Facilities*

**Transportation.**—Inadequate. Single railroad (341 miles in Upper Volta) from Ouagadougou to Abidjan, the nearest port (371 more miles in Ivory Coast). Almost 12,000 motor vehicles operate mover 9,000 miles of roads (almost 3,000 miles improved). Jet airport at Ouadgadougou.

**Communications.**—Postal, telephone (1,500 phones) and telegraph service. Several radio stations and a television station. Telecommunications improvement study recommends Entente States system.

**Power.**—42 million kWh produced in 1973. Installed capacity 11,000 kW (1970) is all thermal.

### *Natural Resources*

**Land.**—106,000 square miles, about equivalent to Colorado in size; mostly dry plateau, flat savanna or semidesert.

**Climate.**—Tropical in south, arid in the north.

**Minerals.**—High grade manganese deposits (10 million tons, 51 percent chemical grade), copper.

### *Population*

**Size.**—Estimated (1976) 6 million, 1.9 percent growth rate, 97 percent rural. Principal cities: Ouagadougou, the capital, 115,000; Babo-Dioulasso, commercial center, 90,000, Koudougou, 40,000.

**Language.**—French.

**Education.**—Literacy rate 5-10 percent. Seven percent of school-age children in school.

**Labor.**—Labor force of 2.7 million, 87 percent in agriculture.



# Market Profile—ZAIRE

### *Foreign Trade*

**Imports—$800 million in 1976; $1,057 million in 1975. Major 1976 suppliers: Belgium, 21 percent; U.S., 12 percent; Germany, 12 percent; Italy, 10 percent; Japan, 10 percent; France, 9 percent; U.K., 5 percent. Principal imports: food products, textiles, chemicals, machinery, transportation equipment. From the U.S. ($99 million in 1976): aircraft, passenger cars and trucks, construction and mining machinery, wheat, tobacco, mechanical handling equipment, textile machinery.**

**Exports.—$1000 million, 1976; $824 million, 1975. Major markets in 1976: Belgium 40 percent, U.S. 20 percent, Italy 12 percent, France 10 percent, Germany 8 percent, Japan 7 percent. Principal exports: copper, cobalt, zinc, palm oil, rubber, coffee, diamonds. To U.S. ($189.4 million in 1976): cobalt, coffee, zinc, rubber, manganese.**

**Trade Policy—Severe import program adopted May 1976: U.S.-Zairian tradeoff 50 percent during 1976; slight recovery during 1977. U.S. suppliers have experienced serious payment delays. Present tariff non-discriminatory.**

**Trade Prospects.—Potential exists for expanding U.S. market share with aggressive salesmanship, adequate servicing and competitive financing terms. Current economic situation limits sales opportunities. Best prospects are mining machinery, building and construction supplies and equipment, agricultural equipment, woodworking equipment, transportation equipment, electrical power generating equipment, and good processing equipment.**

### *Foreign Investment*

**Total foreign investment is substantial; U.S. private investment welcomed and includes mining activities, flour mill, tire plant, textile mill, automobile assembly plant, hotels. Investment guaranty agreement and double taxation treaty with United States in effect; liberal Investment Code revised in 1974. U.S. private investment totaled about $250 million in 1977.**

### *Finance*

**Currency.—Monetary unit is the Zaire (1 Zaire = U.S.$1.16). Money supply in March 1977 was $851.44 million.**

**Domestic Credit and Investment.—Nine commercial banks. Due to inflationary pressures, credit is carefully limited by Central Bank.**

**National Budget.—Substantial budget deficits from 1974-76; $310 million during 1976. Deficit supposed to be reduced to $160 million in 1977. Austerity budgets likely for several years to come.**

**Foreign Aid.—Development assistance flows in 1975 totaled $652.2 million with Belgium, France, West Germany, and the United States being the major bilateral donors. U.S. bilateral program of over $30 million during 1978, including food aid. U.S. Export-Import Bank loan authorization and credit guarantees amounted to about $600 million at the beginning of 1977.**

**Balance of Payments.—Deficits of $237 million, $568 million, and $155 million in 1974, 1975, 1976 respectively. International reserves totaled $126.5 million in August 1977. Debt-service ratio of 27 percent during 1976.**

### *Economy*

Dependent to a large extend upon significant mineral resources, particularly copper, cobalt, industrial diamonds. Severe recession since 1974 has led to external debt rescheduling and two IMF stand-by agreements and loans. Improvement will depend upon level of copper prices and financial management.

**GDP**—Estimated at $2.21 billion (1970 constant prices) in 1976, down 1 percent from 1975.

**Agriculture.**—About 75 percent of population depends on agriculture for livelihood. State agencies are involved with production and marketing in many sectors. Coffee sector strong during 1977. Production of export and food crops stagnant last few years. Great development potential-only 1 percent of land cultivated.

**Industry.**—Hit by shortage of petroleum, raw materials and spare parts in recent years. In addition to mining and metallurgy, sector includes food processing, a wide range of consumer products, and construction materials.

**Commerce.**—Consumer price index rose 80 percent in 1976 standing at 508.5 (1970=100). Partial denationalization of commerce announced in 1976. Sector affected by credit squeeze, import controls and changing government policies.

### *Basic Economic Facilities*

**Transportation.**—River-rail network branching out from major ocean port of Matadi is extensive but in disrepair. Over 3,000 miles of railroads; few of 70,000 miles of roads are asphalted. International airlines serve Kinshasa; Air Zaire is national carrier.

**Communications.**—Television system installed in Kinshasa and three other cities. Radio, telegraph, and expanding microwave grid provide internal communication.

**Power.**—4 billion kWh produced in 1975; consumption rapidly overtaking supply, particularly in Shaba Province. Fist phase of hydroelectric project on lower Zaire River began production in 1973. Second phase to provide power via 1,000 mile transmission line to Shaba Province planned for 1979.

### *Natural Resources*

**Land.**—904,000 square miles in area. Equatorial rain forest in Zaire River Basin, mineral-rich hills in southeast, timberlands in south, agriculturally productive savanna in north.

**Minerals.**—World's largest producer of industrial diamonds and fifth largest producer of copper; copper provides 60 percent of export earnings. Other important minerals include cobalt, bauxite, gold, cassiterite, manganese, zinc. Oil discovered offshore, production began in late 1975 to supply national needs.

### *Population*

**Size.**—Estimated in mid-1976 at 22 million; annual growth rate 2.3 percent; 30 percent urban. Principal cities: Kinshasa, the capital, 1.5 million; Lubumbashi; 400,000; Kisangani, 250,000.

**Language.**—French is official, but tribal languages are widely spoken. Business transactions should be conducted in French.

**Education.**—Relatively well-developed school system, primary through college. Adult literacy rate (40 percent) is second highest on African continent.

**Labor.**—Estimated total Zairian work force 8.3 million; employed wage and salary earners constitute about 12 percent subsistence farmers comprise the balance. Unemployment is high. Unskilled labor plentiful; skilled labor, managerial and technical personnel very scarce.

# Market Profile—ZAMBIA

## *Foreign Trade*

**Imports.**—$686 million in 1976; $936 million in 1975. Major 1975 suppliers: U.K., 19.6 percent; Japan, 8.9 percent; West Germany, 7.3 percent; U.S., 12.4 percent; South Africa, 6.7 percent. Principal imports: machinery articles, chemicals, food. Main imports from the U.S.: transport equipment (locomotives and automobiles); construction and mining equipment, and mechanical handling equipment.

**Exports.**—$987 million in 1976; $816 million in 1975. Chief 1974 markets: U.K., 22.6 percent; Japan, 17.5 percent; West Germany, 14.2 percent; Italy, 12.8 percent; U.S., 0.1 percent. Principal exports: refined copper (about 90 percent); other minerals (lead, zinc, cobalt); tobacco. Exports to U.S. copper, zinc.

**Trade Policy.**—Declining foreign exchange earnings since 1974 have prompted the Zambian Government to tighten import restrictions. During 1976 import license priority was given to raw materials and spare parts, particularly for the mining industry. Prohibited are commodities which are locally produced and luxury imports such as watches, record players, cosmetics. Major delays in payments were experienced by U.S. exporters during 1977 (up to 15 months).

**Trade Prospects**—Best prospects for U.S. exports are equipment and machinery for the following economic sectors: mining, transport, telecommunications, agriculture, power generation and import substitute manufacturing. Only readily available import licenses in late 1977 were for equipment purchases financed by foreign loans or grants.

## *Finance*

**Currency.**—Zambian Kwacha (1K=US$1.25), (was devalued by 20 percent in July 1976. Money supply $909 million in August 1976.

**Domestic Credit and Investment.**—Commercial banking services are available from private banks. Insurance functions are handled by State Insurance Corporation.

**National Budget.**—1977 projected expenditures, $990 million, 1976 budget deficit $139 million. Deficit of $190 million estimated for 1977. Tax revenue from mineral sales well below previous levels; greater domestic and foreign financing anticipated.

**Foreign Aid.**—Consists largely of U.S. and EEC grants and IBRD loans for hydro-electric, telecommunications, road and agricultural projects.

**Balance of Payments.**—Deficit of $129 million in 1976. Payments arrears of $218 million third quarter 1976. Foreign exchange reserves of $110 million in May 1977.

## *Economy*

The economy is under state direction, with a struggling private sector. Copper mining is the backbone of the money economy, but majority of population is engaged in subsistence agriculture. GDP was $1.55 billion in 1976 (1965 constant prices) or $234 per capita; 1976 per capita (a 10 percent decline). Continuing stagnation likely during 1978.

**Agriculture.**—Principal cash crops; tobacco, corn, peanuts, cotton. Net food importer.

**Mining.**—A ranking world producer of copper with output of 715,000 tons in 1976 worth $1.25 billion. Extensive copper reserves. Cobalt, lead, zinc also produced. Index of mineral production (1973=100), 97.8 in last quarter 1976.

**Industry.**—Food processing, metals and metal products, beverages, tobacco, textiles, fertilizers, pharmaceuticals, rubber tires, iron and steel factories. Auto assembly plant and oil refinery. Index of Industrial Production (1973=100), 102 in last quarter of 1976.

**Commerce.**—Private sector severely restricted in recent years. "Humanist" Government policy imposes major controls upon local free enterprise. High Income Consumer Price Index, 186 in December 1976 (1969=100).

**Development Plan.**—New development plan was due by January 1978. Industrial Development Act of 1977 provides limited incentives for foreign private investment.

## *Basic Economic Facilities*

**Transportation**—Land system consists of 655 miles of railway and 22,000 miles of roads, 2,400 miles of which are paved. The 500-mile Great North Road to Dar es Salaam, Tanzania, and 386-mile Great East Road to Beira, Mozambique, account for one-fifth to one-third of Zambian foreign trade. International airport facilities are available at Lusaka.

**Communications.**—Adequate telephone and telegraph facilities in main cities and towns. Radio and television services are government-owned.

**Power.**—7.1 million kWh produced in 1976, primarily from Kafue Hydroelectric Dam (4.7 million kWh). Index of electricity production (1973=100) 261.9 during last quarter of 1976.

## *Natural Resources*

**Land.**—290,578 square miles, mainly high plateau.

**Climate.**—Tropical, moderated by height of plateau.

**Forestry.**—Large hardwood reserves.

**Fisheries**—Fishing is important in rural economy. Commercial fishing centered in Lakes Mweru, Tanganyika and Bangweulu; 40,835 tons landed in 1975.

## *Population*

**Size**—5.3 million in 1977; over 95 percent African. Annual growth rate, 3.1 percent. Principal cities: Lusaka, capital, 450,000; Kitwe, 300,000; Ndola, 250,000. Urbanization (40 percent) being de-emphasized in favor of agricultural development.

**Language.**—English is official.

**Labor.**—365,000 employed, December 1975, principally in services, construction, mining and quarrying, agriculture and manufacturing. Severe shortage of skilled manpower.



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# Marketing in Nigeria

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Prepared by Harold R. Zassenhaus
Office of International Marketing

U.S. Department of Commerce
Industry and Trade Administration

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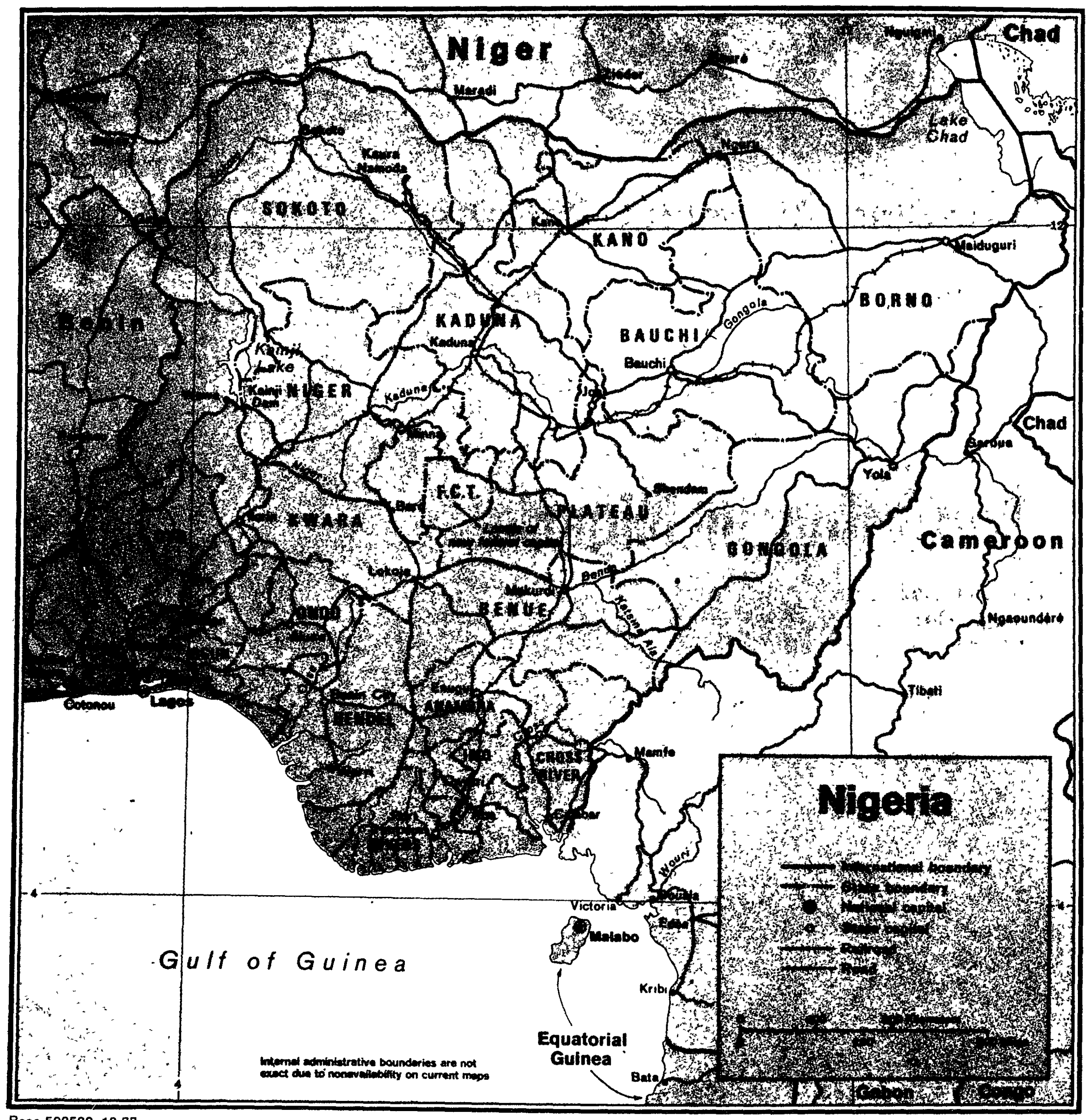


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## Trade Outlook

For a growing number of U.S. firms, Nigeria's economy provides a fertile market for imported products and services. Nigeria's gross national product, greater than that of all other black African nations combined, was estimated at $32.2 billion in fiscal year 1978 (April 1977-March 1978). Coupled with a population of more than 80 million, Nigeria represents Africa's largest consumer and capital goods market.

Nigeria's economy, supported mainly by oil revenues, cooled in 1978. Oil production dipped in March 1978 to 1.5 million barrels per day, the lowest rate in more than 6 years. The 1978 average production 1.8 million barrels per day. The government has reacted to the lower oil production and resulting loss in federal revenues with a series of deflationary steps for FY 1978-79. These include a 30 percent reduction in the federal budget (in real terms), a cutback in the rate of credit expansion, introduction of new taxes, and a deliberate effort to establish sectoral development within existing resources.

The Third National Development Plan, announced in March 1975 and revised in the spring of 1977, envisioned the expenditure of more than $68 billion during the 1975-80 period. At midway point, the Plan is proving too ambitious for the country's financial resources and is being whittled down in line with the 1978-79 budget. Yet, many of the high priority projects, including those involving infrastructure development are near completion or underway. The remaining projects may either be funded during the remainder of the plan period or carried over to the next development plan. The goal of the present plan is a more diversified economy. Emphasis is placed on improvement of agriculture, infrastructure, social sector improvements, expanding learning institutions and health facilities, and substantial improvements in communications and energy.

Nigeria offers substantial opportunities for American suppliers. Its imports were valued at almost $9.5 billion in 1977 and were expected to total $13 billion in 1978. U.S. exports to Nigeria have been increasing steadily in recent years. In 1977 U.S. exports totaled more than $957 million, a 24 percent increase over 1976 and 79 percent increase over the $536 million exported in 1975.

Motor vehicle spare parts and electric power equipment are in high demand. In 1977, Nigeria imported $466 million worth, of automotive parts and $306 million of electric power machinery and switchgear. Demand for power outstrips supply by a wide margin and new generating equipment is sought. Exceptional opportunities exist for sales of agriculture machinery and agribusiness equipment. The latter includes equipment for poultry raising and food processing and packag-

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ing machinery. As Nigerian economic planning begins to emphasize domestic production, many opportunities will open up for the sale of production and processing equipment.

*Table 1–Nigeria: Trade with the United States, 1974-77 (in millions of U.S. dollars)*

U.S. EXPORTS TO NIGERIA

| Description | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|
| TOTAL | 285 | 535 5 | 768 9 | 957.2 |
| Food and live animals | 64 | 77 9 | 135.0 | 187 8 |
| Wheat-unmilled | 51 | 61 8 | 91.8 | 83.8 |
| Rice | 2 | 3 7 | 25.6 | 82.8 |
| Cereals, nec-unmilled | 2 | 0.2 | 0 3 | * |
| Preparations of cereals, flour starch | 2 | 1 7 | 0.3 | 0 4 |
| Corn | 0 2 | 0.2 | 2 7 | 6 1 |
| Beverages and Tobacco | 1 | 6 1 | 4.5 | 8 3 |
| Beverages-alcoholic | 0.6 | 3 5 | 2.3 | 6 0 |
| Tobacco-Unmanufactured | 0 4 | 2 4 | 2 1 | 1.2 |
| Crude Materials, ined, exc fuel | 17 | 12 6 | 7 6 | 5 6 |
| Cotton | 13 | 4 6 | 3 7 | 0 7 |
| Mineral fuels, lubricants | 2 | 2 9 | 3 6 | 5 4 |
| Oils, fats-animal vegetable | 3 | 7 4 | 10 4 | 14.3 |
| Chemicals | 12 | 22 1 | 24 7 | 35 7 |
| Organic chemicals | 3 | 3 9 | 6 0 | 3 4 |
| Medicinal and pharmaceutical prods. | 1 | 2 5 | 2 5 | 3 1 |
| Manufactured goods by chief material | 71 | 124 5 | 60 7 | 101 3 |
| Paper and paperboard | 6 | 8.7 | 8.3 | 7.4 |
| Iron or steel plates and sheets | 2 | 4 9 | 1 9 | 0 5 |
| Iron or steel tubes, pipes, fittings | 50 | 69 4 | 16 0 | 18 0 |
| Structures and parts-iron, al, zn | 1 | 12 2 | 5 9 | 11 2 |
| Tools for use in hand or machines | 1 | 2 5 | 1 4 | 2 2 |
| Textile fabric, woven, exc. cotton | 0 7 | 4 5 | 1 5 | 1 2 |
| Machinery and Transport Equipment | 102 | 245 1 | 462 2 | 560 0 |
| Power generating equipment exc elec | 4 | 8 4 | 6 6 | 14 6 |
| Agricultural machinery and appl | 7 | 26 7 | 28 1 | 39 7 |
| Textile and leather machinery | 1 | 1 9 | 1 9 | 5 8 |
| Machines for special industries | 28 | 54.3 | 54.4 | 78 0 |
| Elec. power machinery, switchgear | 12 | 10 6 | 8.8 | 14 4 |
| Telecommunications apparatus and parts | 3 | 20 9 | 69 9 | 136 1 |
| Road motor vehicles | 4 | 15 7 | 119.7 | 34 2 |
| Ships, boats | 3 | 2 2 | 16 6 | 7 2 |
| Aircraft and parts | 0 8 | 10 3 | 43 3 | 83 0 |
| Miscellaneous Manufactured Items | 9 | 5 7 | 24 6 | 29 7 |
| Scientific-optical apparatus | 4 | 5.0 | 10 5 | 7 2 |
| Items not classified by kind | 4 | 7 8 | 5 7 | 6 5 |

U S IMPORTS FROM NIGERIA

| Description | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|
| TOTAL | 286 | 3,281 0 | 4,930 | 6,096 2 |
| Fish and shell fish | 0.4 | 0 5 | 0 3 | 0 6 |
| Cocoa beans | 28 | 21 6 | 58 8 | 57 6 |
| Cocoa powder | 1 | 2 2 | 2.7 | 2 2 |
| Cocoa butter and paste | 7 | 0 9 | 0 4 | * |
| Spices | 0 6 | 0 5 | 0 7 | 0 9 |
| Hides and skins | 2 | 1 8 | 1 6 | 3 4 |
| Rubber, incl synthetic | 10 | 2 6 | 0 3 | 0 6 |
| Wood, lumber | 0 5 | 0 1 | * | * |
| Petroleum, crude | 3,124 | 3,202 1 | 4,814 6 | 5,958 5 |
| Petroleum products | 99 | 44 0 | 46 8 | 64.8 |
| Palm & palm kernel oil | 5 | 1 4 | * | * |
| Ores & non ferrous base metals | 5 | 0 5 | 0 8 | 1 2 |

*Negligible

Sources *U S Exports, FT 455, 1972-1975*, Bureau of the Census U S *General Imports, FT 155, 1972-1975*, Bureau of the Census

The construction sector, severely effected by the Government's retrenchment, should revive by the end of 1979 resulting in opportunities for building equipment and architectural, engineering and construction services. Other substantial export opportunities exist for health care, materials handling, hotel, restaurant, and business equipment and supplies.

Nigeria is the second largest supplier of crude oil to the United States, behind Saudi Arabia. In 1977, U.S. imports from Nigeria totaled $6.1 billion, over 98 percent of which was petroleum. With our preference for low sulfur crude the U.S. balance of trade with Nigeria totaled $4.2 billion in 1976 and increased to $5.1 billion in 1977.

### *U.S. Export Promotions*

The U.S. Department of Commerce has sponsored a number of successful U.S. export promotions to capitalize on the growing Nigerian market. Recently staged events included the Lagos International Trade Fair (November 1977), a Concrete Building Systems Trade Mission/Seminar (March 1978), a School Construction Equipment and Educational Supplies Catalog Show (June 1978) and a Food Processing and Packaging Equipment Catalog Show (April 1978), Medical Equipment Trade Mission (September 1978), and an Avionics and Ground Support Equipment Trade Mission (December 1978). Other events planned for the first three quarters of 1979 include an Energy Systems Trade Mission/Seminar (June 1979) and two catalog shows—Housewares Video Catalog Show (February 1979) and Educational Supplies and Equipment (August 1979).

### *Government Role*

The Federal Military Government (FMG) has three governing bodies: The Supreme Military Council (SMC), the Federal Executive Council (FEC), and the National Council of States. The 23-man SMC combines the executive and legislative functions and is the top policymaking unit and rules by decree. The 25-man FEC, with civilian and military members, performs the role of a cabinet. The Head of State, Lt. General Obasanjo, heads both councils. Finally, the Governors of the States sit in an advisory capacity to the SMC on the National Council of States.

All states have Military Admistrators, who appoint civilian commissioners to head the specific State ministries. Each State government has an Executive Council and its own budget.



**Political Parties.**—The present administration has announced its intention to hand over power to a democratically elected government not later than October 1, 1979. The program for return to civilian rule is proceeding on schedule. The drafting of a constitution based on that of the United States and registration of the populace are in process. The ban of political parties and activities was lifted in September 1978.

The FMG plays the dominant role in Nigeria's economic progress. It is the largest employer of salaried Nigerians—more than 1 million. It controls the pursestrings of the national budget, $8.3 billion for FY 1979, and revenues from oil—$9.7 billion in 1977. It maintains operational authority over parastatal corporations—24 at last count. It apportions funds—$2.6 billion in FY 1979 (March 1978 to April 1979)—to the 19 states, coordinates and encourages growth of each state in the national interest, and establishes national development planning priorities. It is the principal importer and exporter. It grants subsidies or makes loans on attractive terms and attempts to control inflation in the interest of balanced real growth. It makes commercial and economic policy and implements decisions with respect to diversification, indigenization, foreign interests, increased trade, and investment.

### *Growth Rate*

Nigeria's gross domestic product (GDP), the largest in black Africa, was approximately $28 billion in 1977 based on constant 1974 prices. Prior to 1977, GDP real growth had been averaging 8 percent for the decade. In 1977 as a result of the softer oil market, domestic inflation and continued high demand for imports, real GDP growth slowed to about 5 percent. The outlook for 1978 was bleak for many of the same reasons, resulting in a substantially reduced federal budget. GDP is not thought to have grown by more than 2 percent in real terms.

Public sector revenues created from the oil boom of 1973-74 enabled the FMG to embark upon a massive effort to accelerate economic development. During 1970–76 Federal capital expenditures increased by a factor of 40. These expenditures accounted for about 50 percent of estimated GDP in 1976-77 and may have accounted for an even higher percentage in 1977-78. However, as expenditures by the public sector increased, oil revenues in 1976, 1977 and 1978 did not keep pace. The result has been a large and growing Government deficit; excluding Eurodollar loans of about $2 billion in 1978, the Federal deficit could amount to $3 billion in 1978. External reserves had dropped to $1.6 billion as of December 1978, and the Government is paring down some projects in its ambitious development plan, and deferring others to the subsequent 5-year plan for 1981–85.

Nigeria, with a population in excess of 80 million, is the world's eighth most populous nation. Its real per capita income is about $325, with the majority of wealth in the hands of a very few. Approximately 70 percent of the population consists of subsistence level farmers.

*Table 2–Gross Domestic Product at Constant 1974/75 Factor Cost*

| | Gross Domestic Product (₦Million)[1] | | | | Growth rate over previous year (percent) | | | Proportional share (percent)[2] | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1973/4 | 1974/5 | 1975/6 | 1976/7 | 1974/5 | 1975/6 | 1976/7 | 1973/4 | 1974/5 | 1975/6 | 1976/7 |
| Agriculture, livestock, forestry and fishing | 3,246 5 | 3,636.2 | 3,661 7 | 3,758 2 | 12.0 | 0 7 | 2.6 | 24 7 | 25 5 | 25 0 | 23 3 |
| Mining and quarrying | 5,927.6 | 5,859 7 | 5,066 9 | 5,350 2 | −1 2 | −13 5 | 5 6 | 45 1 | 41 1 | 34.6 | 33 1 |
| Manufacturing and crafts | 626 5 | 681 2 | 952.3 | 1,150 2 | 8 7 | 39 8 | 20 8 | 4 8 | 4 8 | 6 5 | 7 1 |
| Electricity and water supply | 52.0 | 56 6 | 65 0 | 81 4 | 8 9 | 14 8 | 25 2 | 0 4 | 0 4 | 0 4 | 0 5 |
| Building and construction | 710 8 | 837 8 | 1,299.9 | 17.9 | 55 2 | 10 0 | 5 4 | 5 9 | 8.9 | 8 9 | |
| Distribution | 910 6 | 1,191 1 | 1,259 5 | 1,385 9 | 30 8 | 5 7 | 10.0 | 6 9 | 8 4 | 8 6 | 8 6 |
| Transport and communication | 278 2 | 366 8 | 411 0 | 541 9 | 31 9 | 12 1 | 31 9 | 2.1 | 2 6 | 2 8 | 3.4 |
| General government | 764 3 | 901 8 | 1,135.0 | 1,361 2 | 18 0 | 25 9 | 19 9 | 5 8 | 6 3 | 7 7 | 8 4 |
| Education | 312 5 | 375 8 | 407.3 | 652 5 | 20.3 | 8.4 | 60.2 | 2.4 | 2 6 | 2 8 | 4 0 |
| Health | 109 8 | 132 0 | 155.8 | 185 4 | 20 2 | 18 0 | 19 0 | 0 8 | 0 9 | 1 1 | 1.1 |
| Other services | 196 7 | 215.3 | 233 4 | 254 4 | 9.5 | 8 4 | 9 0 | 1 5 | 1 6 | 1 6 | |
| TOTAL | 13,135.5 | 14,254.3 | 14,647 8 | 16,151 2 | 8 5 | 2.8 | 10 3 | 100 0 | 100 0 | 100 0 | 100.0 |

[1] 1 ₦(Naira)=US$1.65 for 1973/76 and US$1.6 for 1976/77
[2] Totals are not always 100 percent because of rounding

Source: Federal Ministry of Economic Development

Agriculture, once the mainstay of the Nigerian economy, now takes a back seat to petroleum. Oil now accounts for around 30 percent of GDP, more than 90 percent of exports and 80 percent of Federal Government revenues. As a result, Nigeria has developed many of the characteristics of a dual economy, dominated by the oil sector in all measures of relative importance save employment.

### *Natural Resources*

Nigeria is sixth largest among the world's crude petroleum producers. Production has been as high as 2.7 million barrels per day and is now about 2 million barrels per day. Proven recoverable reserves are around 20 billion barrels. Over 90 percent of Nigeria's crude is exported, nearly 40 percent to the United States.

Petroleum is pumped from about 900 on-and off-shore wells in a 33,000 square mile area in the southeastern part of the country. There are 12 companies presently exploring for or extracting petroleum in Nigeria. Of the eight companies producing oil, the major one is Shell-BP; Gulf is a distant second. Others include Mobil, AGIP/Phillips, ELF, Texaco, Pan-Ocean, and Ashland. Each of the oil producers is 55 percent owned by the FMG through the Nigerian National Petroleum Corporation (NNPC).

Nigeria has two operating petroleum refineries; one at Port Harcourt and the other of Warri with 60,000 bpd, and 100,000 bpd capacities, respectively. Construction has begun on an additional refinery in Kaduna. Completion is expected by the end of 1980. The refinery will have a 100,000 bpd capacity. Nigeria is a net importer of refined oil. In 1979, it is expected to export approximately 1 million metric tons and import 2.3 million metric tons.

As part of its plan to update its internal oil distribution system to the 19 states, the FMG recently awarded contracts for the construction of a pipeline system linking the states with the refineries and petroleum storage depots.

Natural gas, produced most in association with crude oil, is being flared at a rate exceeding 2 billion cubic feet per day. Less than 1 percent is being recovered and used domestically. Joint venture partners for a proposed liquefied natural gas (LNG) plant are expected to begin gas gathering projects within 3 years of approval granted by the Government. Mining activity includes, in order of current importance, tin, limestone, columbite, coal (see Table 3), and to a limited extent, tantalite, clay (kaolin), marble, salt, lead, gold, monazite, lignite, wolfram, molybdenite and zircon.

Nigeria is the world's sixth largest tin producing nation. It recorded a tin concentrate output of 7,374 metric tons in 1974. Although the shallow, alluvial deposits in Plateau State are becoming depleted, deeper deposits are being mined using open pit techniques. However, with rising labor costs and relatively low world prices for tin, open-pit mining is becoming less cost effective. The government, in partnership with a private concern, is developing an underground mine near Ririwa in Kano State. Production is not likely to begin before 1980;; Preliminary estimates forecast a yield of 1,000 tons of concentrate per year. Nigeria is also the world's chief supplier of columbite, found in association with placer deposits of tin.

***Table 3–Nigeria: Domestic Production of Selected Items***

| Item | Unit | 1973 | 1974 | 1975 | 1976[1] |
|---|---|---|---|---|---|
| FOOD | | | | | |
| Beer | 000 liters | 214,724 | 236,025 | 294,732 | 76,769 |
| Soft Drinks | liters | 93,564 | 119,320 | 140,109 | 43,020 |
| Biscuits | 000 kg | 10,944 | 17,090 | 21,842 | 6,178 |
| Sugar confectionery | 000 kg. | 16,133 | 14,838 | 16,601 | 5,305 |
| MINERALS | | | | | |
| Crude Petroleum | 000 Tons | 102,644 | 112,384 | n.a. | n a. |
| Associated Natural Gas (Flared) | mil cu meters | 20,836 | 28,819 | n.a | n.a |
| Sales of Natural Gas | meters | 153 | 256 | n.a. | n a. |
| Cement | 000 Tons | 1,222 | 1,226 | 1,388 | 303 |
| Coal Bituminous | 000 Tons | 327 | 304 | n a. | n a |
| Tin Ore | Tons | 7,885 | 7,374 | n.a | n a |
| Columbite | Tons | 1,243 | 1,312 | n.a | n.a. |
| TEXTILES | | | | | |
| Cotton | 000 sq. mtrs. | 295,021 | 273,155 | 330,212 | 88,435 |
| Shirting | sq. meters | 78,463 | 65,038 | 90,357 | 20,605 |
| Prints | sq meters | 148,730 | 149,683 | 154,484 | 44,428 |
| Drills | sq meters | 12,572 | 9,259 | 21,426 | 4,535 |
| Bafts | sq. meters | 51,775 | 54,102 | 63,945 | 18,867 |
| Knitted Fabrics | 000 kg. | 1,274 | 2,410 | 3,215 | 1,163 |
| FOOTWEAR | | | | | |
| Plastic | ppp pairs | 7,431 | 14,643 | 19,095 | 3,771 |
| Leather | 000 pairs | 6,517 | 6,288 | 6,294 | 1,806 |
| Others | 000 pairs | 2,414 | 2,002 | 1,715 | 347 |
| NATURAL RUBBER | | | | | |
| Sheet Rubber | Tons | 4,321 | 6,568 | 4,861 | 1,275 |
| Crepe Rubber | Tons | 29,558 | 28,820 | 32,648 | 6,564 |
| VEGETABLE OILS | | | | | |
| Groundnut Oil | Tons | 97,497 | 20,733 | 16,989 | 4,526 |
| Groundnut Cake | Tons | 109,803 | 25,071 | 18,654 | 6,033 |
| RADIO, TV SETS, ETC | | | | | |
| Radio Sets | No. | 120,010 | 69,641 | 112,603 | 30,184 |
| Radiograms | No | 10,223 | 5,622 | 8,007 | 1,505 |
| Changers | No. | 18,340 | 23,343 | 6,059 | 9,158 |
| TV Sets | No | 1,866 | 6,822 | 6,614 | 4,714 |
| VEHICLE ASSEMBLY | | | | | |
| Commercial Vehicle Chasis | No | 7,458 | 5,463 | 12,695 | 7,213 |
| MISCELLANEOUS MANUFACTURED PRODUCTS | | | | | |
| Paint | 000 Liters | 15,125 | 14,080 | 18,601 | 4,823 |
| Soap (including detergents) | Tons | 61,697 | 73,373 | 75,240 | 23,487 |
| Matches | 5000 boxes | 106,216 | 160,346 | 199,562 | 56,840 |
| Suitcases | No | 470,741 | 347,237 | 801,486 | 287,696 |
| Lubricants | KG. | 43,658 | 34,844 | 37,663 | n.a. |
| Pharmaceuticals | mg. | 5,679 | 3,416 | 5,888 | 12,182 |
| Perfumes | kg. | 3,886 | 2,585 | 1,848 | 2,907 |
| Cosmetics | kg. | 10,852 | 14,101 | 9,186 | 632 |
| Tanned Leather | 000kg | 2,369 | 3,092 | 2,851 | 3,084 |
| Retreaded Tires | No | 21,329 | 17,509 | n.a | n.a. |
| Tiles | sq. meters | 339,309 | 275,608 | 335,910 | 56,566 |
| Synthetic Fabric | 000 sq. mtrs. | 9,616 | 22,251 | 38,101 | 10,280 |
| Roofing Sheets | Tons | 99,963 | 71,223 | 66,979 | 28,376 |

[1] Through March 1976

Source: Federal Office of Statistics, Lagos

Limestone is mined to supply cement factories in Calabar, Ewekoro, Lagos, Nkalagu, Sokoto and Ukpilla. Cement production in 1975 was estimated at 1.4 million metric tons. Most of the above plants have initiated or recently completed expansion projects and, together with two new plants in Asaka and Shagamu, production should rise to almost 4 million metric tons by 1980. The supply of cement, however, will still fall short of demand.

The Nigerian Coal Corporation, a government entity, is exclusively responsible for exploration, exploitation, and sale of coal. Operations at the two major coal fields around Enugu to the east and at Okaba in Benue State are being mechanized in order to boost output. Coal production reached 250 million metric tons in 1975. The search for higher grade iron ore and coking coal is being intensified to support the Ajaokuta steel mill complex, which is intended to produce 5.2 million tons of steel a year by 1995. The first stage of the project includes a rolling mill which will use imported ingots and be in operation by 1981. An associated project, the Warri steel mill in Bendel State, will have a capacity of 1 million metric tons and is expected to be completed by 1983.

### *Agriculture*

Nigeria has an area of 98.3 million hectares with 71.2 million hectares of arable land only 34 million of which are currently under cultivation. Agricultural production is labor intensive. The sector employs 70 percent of the labor force, 95 percent on small farms of 2 hectares or less. Once the backbone of the economy, agriculture currently contributes less than 25 percent to the gross domestic product with the sector growing at a rate of 1 to 2 percent in real terms—significantly less than the population.

Drought in the northern farm belt, increased incidence of disease and pests, the exodus of rural labor, a general lack of incentives to farmers, and low government-instituted price ceilings have combined to depress agricultural production. Except for cocoa, the major traditional bulk exports are no longer exported. As recently as the early 1970's Nigeria had been a net exporter of agricultural commodities. Provisional estimates for 1977 indicate that Nigeria maintains a negative external agricultural trade balance of close to $600 million, with total imports of agricultural commodities reaching $1.2 billion.

Although agricultural production is low, Nigeria has the conditions necessary for vigorous agricultural development of many crops for internal consumption as well as for export. According to a recent publication of the International Institute for Tropical Agriculture (IITA), the low crop production and yields are due to inferior crop varieties, inadequate distribution and use of fertilizers, limited use of pest and fungal protection chemicals, insufficient farmer credit, research and extension services; and inaccessible markets.

There are no official production statistics available for 1977. Many areas of the country were blessed with adequate moisture and very little insect or virus damage. In other areas drought conditions and uneven distribution of rainfall were the chief causes of low production and improper planting times, which resulted in little or no improvement in total crop production. The 1977-78 cocoa crop is estimated at 210,000 metric tons, 40,000 tons above the previous year's yield. In Ogun State, the Agricultural Development Corporation's cocoa unit approved loans of approximately $250,000 for the cultivation and maintenance of cocoa, and similar steps are being taken in other producing areas to stem—and possibly reverse—the downward production trend of recent years.

Livestock and poultry populations remained relatively constant for the past 3 years. Projects to improve livestock and increase milk and meat production are underway or in the planning stages. Increasing attention has been drawn toward poultry production, which is expected to increase substantially.

Cotton output reached 445,000 bales in 1976-77, the largest harvest recorded. The 1977-78 crop was expected to be almost 25 percent smaller due to uneven rainfall distribution.

A National Accelerated Food Production Program (NAFPP) was initiated in 1974 through the cooperative efforts of the Ministry of Agriculture and the IITA to help farmers produce more, improve quality, and diversify their products to include more corn, millet, sorghum, and wheat. NAFPP also is trying to increase production of tuber and root crops (cassava, yams and

cocoyams)—the nation's basic staple. Seed multiplication schemes are being initiated and additional crop research has begun. Grain and feed production was a disappointment in 1976-77 primarily due to uneven distribution of rainfall. Despite the emphasis on expanding the yield of corn, rice, millet, and sorghum, and despite the mild progress in wheat production, costs remain high. Harvest of these grains continues to fall far short of meeting domestic consumption, and large quantities must be imported. It is doubtful that this situation will improve substantially in the next 3-5 years.

In addition to the NAFPP, the Nigerian Government in 1976 embarked on a massive mobilization drive toward self-sufficiency in food production called "Operation Feed the Nation" (OFN). It is an intensive effort to acquaint farmers with modern farming techniques, the benefits of fertilizer, and improve varieties of seeds. The OFN program established subsides for fertilizers and made available improved seeds, pesticides, and tractor-hire services at subsidized rates. Although somewhat successful, it has encountered its share of problems. Proper and adequate distribution of fertilizers have been lacking and improper or insufficient training of farmers has led to inconsistent use of the proper agricultural inputs. In addition, favorable prices for fertilizer in neighboring countries has led to the exportation of fertilizers purchased at subsidized rates.

Nigeria has received 12 World Bank agricultural development loans totaling more than $262 million since 1971. An additional four project loans are under consideration. Most of the loans have dealt with major cash crops such as cocoa and palm oil.

The U.N. Food and Agriculture Organization (FAO) also is heavily involved in agricultural development projects. An estimated 50 or more projects are in operation covering all phases of agriculture and livestock as well as forestry and fisheries.

Nigeria's FY 1979 budget has placed increased emphasis on the agricultural sector through a series of measures to reduce imports of food items, encourage imports of capital goods and expansion of the agribusiness sector (see Trade Regulations and Investment Incentives). Nigerian officials also have promised to encourage the establishment of large farming cooperatives.

***Construction***

Oil revenues generated in the past 5 years enabled Nigeria to embark upon a massive 5-year development plan calling for substantial improvements in infrastructure, health, education, and housing. Many of the projects designed to improve telecommunications, roads, railway systems and sea and airports have been completed or are in progress. While these priority sectors will continue to receive considerable attention, oil revenues are no longer able to finance Nigeria's quest to modernize its economy. Funds to complete projects on the drawing boards will have to come from the private sector (domestic and foreign) and through foreign borrowing. Nigeria negotiated a $1 billion Eurodollar loan in January 1978 and, a $750 million Eurodollar loan in December 1978. It is estimated that an additional $2 billion will be sought by 1980 to fund economic and social development. As a result of the revenue crunch, the Government is reassessing its priorities with a view toward eliminating or postponing some projects as well as stretching out payments on existing ones.

Following the determination made in 1976, Nigeria has selected a site for its new capital city in the central portion of the country. The first phase of construction should be completed in 1986. An initial population of 150,000 is planned, with a target of 1.6 million by the year 2000 and an eventual population of 3 million.

Nigeria's housing program calls for the construction of 202,000 houses by the end of the decade. Under the program planning has started for a city outside Lagos which will require construction of 46,000 housing units. In addition, each of the 19 states is scheduled to build another 8,000 to 12,000 housing units. The development of Nigeria's first steel mill in Ajaokuta is expected to lead to construction of a surrounding industrial city.

More than $1 billion has been allocated in the 1979 budget to the land transport sector. A large portion of the funds will be devoted to construction of interstate roads and the Federal share of roads to be constructed by the states. Much of the remainder will be devoted to upgrading and expanding the existing rail network seaports and airports. Nigeria has committed itself to modernization and expansion of its air transport system. Sixteen airports have either been constructed or are being updated. As many as seven new airports are being considered for the new federal and state capitals. The Nigerian port expansion program is well underway with Completion of Tin Can Island and near completion of the Third Apapa Warp extension. Within the next 5 years substantial progress will be made in enlarging port facilities. Coal and iron ore ports will be constructed in Bonny and Warri. Work has begun on dredging the Niger River to make it navigable for barge traffic. The port complex in Port Harcourt also will be upgraded in the near future.

Nigeria's Universal Primary Education (UPE) program has a high priority, with the 1978-79 budget earmarking close to $500 million for education.

In 1975 a basic health scheme was introduced to build, supply, and staff teaching hospitals and 450 basic health units. These basic health centers are to include 1,800 primary health centers, 90,000 health clinics and 2,250 mobile clinics.

The Nigerian electric power system will expand rapidly over the next 5 years. Annual consumption is expected to increase by 25 percent from 3,341,000 MWh in 1977 to 9,921,000 in 1982. Commercial opportunities include several large hydroelectric and thermal generation projects, major extensions of the transmission and distribution grid, and design and construction contracts for rural electrification. Included in the above are the construction of a $543 million generating station at Shiroro, extension work to the Kanji hydroelectric power station, and a $52 million extension of Affam and Delta gas turbine power plants.

Of all the sectors in the third National Development Plan, telecommunications has succeeded in fulfilling its projections more closely than any other. Prequalification for construction of Nigeria's domestic telecommunication system has been completed. Current plans envisage construction of 750,000 switching lines and close to 500 exchanges in addition to a new microwave communication system to link rural areas and upgrade urban telecommunications. Additional external line plants will be constructed and more than 1 million hand sets will be purchased to accommodate demand. In addition there are plans to establish telecommunications networks for the new town to be constructed around the Ajaokuta steel mill and a microwave system for the petroleum pipeline system now under construction.

There also are local and regional projects funded by such international institutions as the World Bank, U.N. agencies, and the Africa Development Bank being undertaken on a continuing basis. These development-related programs call for project definition, prefeasibility studies, engineering and planning, design, construction and operation contracts, usually on the basis of international tenders. Often the administration of the tender process requires that each phase of the project be performed by separate and unrelated companies. Turnkey proposals are welcome in private or larger Nigerian Federal and state funded projects.

***Manufacturing***

The manufacturing sector is characterized by light industries using traditional technologies. It is almost entirely oriented to satisfying local demand. Processed foods and textiles account for more than 50 percent of production. The manufacturing sector has grown at only about 10 percent per year. Both public and private industrialists have had difficulties in expanding and diversifying their enterprises. Some of the major constraints on the growth of the sector include inadequate infrastructure, shortage of manpower, slow implementation of government manufacturing projects and, in 1977 and 1978, severe power shortages leading to 50 percent reduction in output by many plants. Attitudes are slowly changing, however, as government incentives to manufacture locally have become stronger and infrastructure developments have been completed.

Industry has tended to concentrate in the Lagos area. To relieve the congestion, Federal programs and various state incentives encourage decentralization and diversification. The government also has increased incentives to invest in the agriculture and agribusiness sectors. It has set up significant tariff and nontariff barriers as a means of protecting and promoting infant industries. Local trading companies and other entrepreneurs facing the restrictions have decided to invest surplus capital and retained earnings in domestic manufacturing ventures.

Textiles, traditionally Nigeria's largest industry before oil, is centered in the north. It produces an impressive array of goods including high quality African cottons, prints, suitings, lace, and a growing volume of synthetics. Kaduna boasts the largest cotton spinning and weaving mill in Africa.

Substantial investments have been made in food and beverage processing; however, output still fails to meet domestic demand. Six breweries have been commissioned in the last 6 months, and major investment in sugar and flour mill expansion has started.

Distribution of refined oil is presently limited to truck and rail carriers. The system is being expanded by construction of 17 storage depots and a 1,700 km pipeline. Contracts for overall design and construction of the depots (estimated at $249 million) were awarded in March 1977. The new petroleum product storage capacity will total 1,342,000 metric tons. Based on projected

1983 consumption, this will provide 45-90 days storage capacity, depending upon the area.

As mentioned earlier, Nigeria is flaring some 2 billion cubic feet of oil-associated natural gas daily. It signed a shareholders agreement in April 1978 with Shell, BP, AGIP, and ELF for the ownership and operation of an LNG facility. The Nigerian National Petroleum Corporation will have majority control of the corporaton, which is to be called Bonny LNG, Ltd. The plant will be located near Port Harcourt, and will have an estimated output of 1.6 billion cubic feet per day. The cost of the project will approximate $6 billion exclusive of receiving terminals, and will include a gas gathering grid ($500 to $800 million), an LNG plant (to be built in six stages at a total cost of $1.8 billion), and 15 to 18 LNG tankers (at about $184 million each). It is currently thought that most, if not all, of the liquified gas will be exported to the United States.

The Nigerian Government is considering a project to enable Nigeria to become self-sufficient in petrochemicals. A petrochemical complex may be built near the Port Harcourt refinery and the LNG facility. The complex would use ethane and propane generated from the LNG plant to produce 250,000 tons of ethylene. The projected completion date is 1983 and the cost is slightly more than $1 billion. The complex will include: Feedstock and receiving facilities; one ethylene plant; one low density polyethylene plant; one high density polyethylene plant; one caustic/chlorine plant; one plant to provide vinyl chloride monomer (VCM) and PVC units; one PVC plant; and relevant support facilities. Infrastructure development is not included in the project cost. A later project of the petrochemical complex would provide for a fertilizer facility designed to meet domestic needs. The Ministry of Industries is seeking a technical partner and construction could begin in 1977. The facility could be completed by 1982 and full capacity reached in 1985 when it would produce 1,500 metric tons per day each of ammonia and urea and 1,200 metric tons of NPK fertilizers. Total cost of the fertilizer complex is estimated at $550 million. Nigerian annual consumption of fertilizers should reach 500,000 metric tons by 1985.

Under the auspices of the Nigerian Steel Development Authority Nigeria is attempting to meet demand of about 3.5 million metric tons of steel per year through the construction of a blast furnace complex at Ajaokuta and a steel reduction mill at Warri. The completely integrated steel complex at Ajaokuta will be capable of carrying out the entire process from receiving ore to producing rolled structural sections. The ultimate production goal of 5.2 million tons of steel per year is envisaged for 1995. Completion of a rolling mill using imported ingots should be completed by 1982.

Construction of the Warri direct reduction mill began in 1978. Upon completion of 1981 or 1982, yearly capacity of the Warri mill will be 1 million tons of crude steel. In addition, the Ministry of Industries is in the process of selecting contractors for construction of three rolling mills to be located in the north. Billets from the Ajaokuta complex and Warri direct reduction mill will supply these mills.

Cement, lime, and plaster production is being expanded to reduce current dependence on imports. The factory at Nkalagu is being expanded; Ukpilla is increasing capacity from 150,000 tons per year to 450,000; Calabar from 100,000 tons to 600,000 tons; and Lagos to 500,000 tons per year. New factories are under construction at Asaka and Shagamu. Asaka will have an annual capacity of 700,000 metric tons. Shagamo 900,000 tons per year. Other plants are being considered in Ogun, Kwara, and Imo States. With the exception of the Nkalagu plant, the state or federal governments have equity positions. Even with the completion of the above facilities, domestic production of cement will acount for only two-thirds of consumption.

Nigeria has two assembly facilities for passenger cars. Volkswagen, located in Lagos, produces approximately 32,000 units per year; Peugeot assembles about 23,500 cars in Kaduna. Four additional firms will be manufacturing commercial vehicles in the near future—British Leyland in Ibadan, Fiat in Kano, Daimler Benz in Enugu, and Steyr in Bauchi. In addition to production of commercial vehicles, Steyr and Fiat have said they will assemble tractors. Total tractor output is expected to reach 5,000 units between the two manufacturers in 1979 when their facilities will be completed. Nissan Company of Japan plans to establish a $125 million Datsun plant shortly. The facility will have an annual production capacity of 100,000 passenger cars, making it the largest vehicle assembly plant in the country and the largest Datsun plant in the developing world outside Brazil. By law, all domestically produced vehicles must incorporate 30 percent of parts manufactured by local sources within 10 years of operation. To date, Nigeria manufactures only batteries, tires, and some paint.



## Trade Regulations

Nigeria is a member of the General Agreement on Tariffs and Trade (GATT) and maintains a non-discriminatory import tariff. It is also a signatory to the Lome Convention. The Ministry of Trade is responsible for trade policy.

Nigeria is one of the architects of the emerging Economic Community of West African States (ECOWAS), which seeks more harmony in trade and investment practices for all the 15 member nations of western Africa. The treaty was ratified by seven of the member states in 1975, thus making it effective. Although actual implementation of the customs union is still several years away, the treaty calls for eventual reduction or elimination of import duties among member states while maintaining them for other nations.

Nigeria is a member of the British Commonwealth, the United Nations, the World Bank, and the African Development Bank.

Treaties and agreements in force between the United States and Nigeria relating to consular matters, aviation, mutual security, economic and technical cooperation, extradition, property, taxation, and trademarks were originally concluded between the United States and the United Kingdom and were continued by Nigeria upon independence in 1960. The agreement on investment guarantees was concluded in 1969 and renewed in 1975. The U.S.-Nigeria Tax Treaty will expire in 1979 (See Taxes).

The Ministry of Finance plays an important role in matters of foreign exchange. The National Chamber of Commerce is the chief supporter of liberalizing trade policy while the Manufacturers' Association supports protectionist trade policies. Cocoa producers and the Ministry of Agriculture argue strongly for widest possible (particularly U.S.) accession to the International Cocoa Agreement that Nigeria has signed. Nigeria is also a party to the coffee and tin commodity agreements, holds membership in the Organization of Petroleum Exporting Countries (OPEC), and favors reduction of duties on oil and oil products.

### *Licensing*

Most imports are permitted under open general license. The Import Prohibition Order of 1978 specifies prohibited goods in Schedule 1; defines countries (Republic of South Africa, Rhodesia, and Southwest Africa, or Namibia) from which the importation of all goods is absolutely prohibited in Schedule 2; and lists items subject to import under certain conditions and which require specific import licenses in Schedule 3.

Schedule 1 prohibits, among other things, the importation of various weapons; blank invoices; matches; second-hand clothing; most spirits, including beer; all passenger cars of engine capacity exceeding 2,500 cc; cigarettes, live poultry (excluding day-old chicks); vegetables, roots and tubers; wood in the rough; eggs; pastry and biscuits; nuts; fruits; potatoes; tomatoes; sugar confectionery; textile fabrics; most finished textiles; fresh milk; beet sugar; macaroni and spaghetti; footwear; carpets; most furniture; jewelry; and clothing.

Schedule 3 contains two parts. Part I lists goods prohibited unless imported under certain conditions specified on an item-by-item basis. Part II specifies those goods which may be imported only under specific import licenses as follows: Chilled and frozen beef; tobacco; packaging containers; most manufactured articles of wood; stout duplicating paper; kraft paper, paperboard, linens, curtains, pillowcases, bicycle tires, typewriter ribbons, salt, non-alcholic beverages; cornflakes, rice crisps and similar cereals, scaffolding; radio receivers, record players, tape recorders, video cassette recorders, tape decks and stereo sets, television sets, domestic air conditioners and refrigerators, plants, cigars, bare and insulated copper or aluminum electric wire, motorcycles, commercial vehicles, and computers and similar data processing machines.

Subsequent to the Import Prohibition Order of 1978, and effective October 1, 1978, the following products were banned from importation into Nigeria: Pearls, precious and semi-precious stones, Christmas cards, greeting cards and calendars, almanacs and diaries, toothpicks and packaged or containerized rice of less than 50 kilograms.

Under the same order the following goods have been placed under import license: Tomato puree and paste, mattresses, mattress supports, cushions, gramophone records, recorded tapes, and toys, salted or dried meat, loudspeakers, amplifiers, microphones, razor blades, soups of all descriptions, spices, cameras, projectors and all cinematographic accessories, musical instruments, socks and stockings, clocks and watches, brandy, gins, wines of all kinds, sunshades, binoculars and sunglasses (other than medical). In addition, import prohibitions of limited duration have been issued by the Nigerian Government to help relieve port congestion, encourage

local production, conserve foreign exchange and curb inflation.

Goods not specifically mentioned in Schedules 1, 2, or 3 or in subsequent modifications to the Import Prohibition Order, or those imported for the Nigerian Army, Navy, or Air Force, bona fide commercial travelers' samples or patterns, personal effects, and Nigerian returned goods may be imported without any license.

Shippers should make sure that importers in Nigeria have obtained the proper import license, when required, prior to invoicing. When specific licenses are required they are valid for a stated period of time. When goods are shipped in contravention of licensing regulations or after the expired date they are liable to forfeit. All imported goods must be insured by an indigenous insurance company.

### *Tariffs*

The Nigerian Customs and Excise Tariff uses the Brussels Tariff Nomenclature (BTN). A single-column, nonpreferential import tariff schedule applies equally to all countries. Duties are either specific or *ad valorem* depending on the commodity, the latter computed on the C.I.F. value. All import duties are payable on entry in Nigerian currency. Goods classified as nonessential or luxury items are subject to duties of 100 percent or more. Many items essential for economic development or imported by and for government use are admitted duty free.

Tariff rates, by African standards, are moderate; they favor imports of capital goods for industrial development yet tend to protect infant industries and attempt to provide an incentive to produce goods locally through high tariffs on some capital and essential consumer items. Usually a new tariff schedule is issued in April, as a basis for the new fiscal year revenue estimates. All goods entering Nigeria via Nigerian air or seaports are assessed a 5 percent port development tax based on invoice value (payable by the importer) to aid in the development of Nigerian ports.

Import duties on raw materials necessary for local industries are generally a maximum of 10 percent *ad valorem* while all excise duties have been reduced to a maximum of 5 percent. Import duties on building materials not produced locally are also low.

A special duty may be imposed on imported goods if, in the opinion of the Government, such goods are being dumped or are being unfairly subsidized by a foreign government so as to materially injure the Nigerian market or threaten potential or established industry.

Duties previously paid may be remitted, refunded, or drawn back on abandoned, reexported, damaged, or destroyed goods, provided proper claim is made before the goods have left customs custody. Permission for reexportation must be obtained from the Board of Customs and Excise. A destruction certificate must be obtained from a customs officer to obtain a refund of duties paid on goods destroyed.

If goods manifested for Nigeria are landed elsewhere, duties paid on them in Nigeria will be refunded only upon presentation of a customs certificate attesting to their landing in the other country.

Overpaid duties may be refunded upon application to Customs within 12 months of importation.

Under the Customs (Drawback) Regulations, full or partial rebate may be made if materials are imported for use in the local manufacture of goods which are then exported. The same regulations apply on materials which are purchased by and for the use of organizations or persons entitled to duty-free importation of such goods, such as with duty concessions under the "Approved User Scheme". Nigerian regulations do not, however, provide for duty suspensions, drawbacks, or rebates for temporary importation of goods except when imported by temporary residents and removed at the end of such residence, not exceeding 6 months.

Bona fide samples or patterns of no commercial value, to be used for the purpose of soliciting orders, are usually admitted duty free, at the discretion of customs officials. Nigeria is a signatory to the United Nations International Convention to Facilitate the Importation of Commercial Samples and Advertising material. Samples of value may be imported duty-free under bond. The bond, in the amount of duty leviable on such goods, is cancelled and any deposit is refunded when the samples are reexported. The Board of Customs and Excise is authorized to permit the temporary importation, without payment of duty, of motion picture films intended for advertising, educational, and scientific purposes or for exhibition at international fairs, trade shows, or similar events. Catalogs and similar printed matter imported solely for advertising purposes and other advertising matter of no commercial value, other than for the solicitation of orders, are permitted duty-free entry. The Board of Customs and Excise will accept properly documented requests for advance rulings on customs classifications of merchandise, but such rulings are only advisory.



Intent to defraud customs and similar offenses are punishable by forfeiture of the goods, a fine of up to $1,500 or 2 years in jail, or all three. Persons wishing to contest seizure of any article must file their appeal with the Board of Customs and Excise within one month.

### *Export Controls*

Most agricultural products are under export controls. Effective April 1, 1978 under the Export Prohibition Order, the following products are prohibited from export: Beans, cassava-tuber, ground-oil, maize, palm oil, rice, timber (excluding ebony), milk, sugar, flour, all imported food items, and hides and skins. Most other agricultural items, goods manufactured outside of Nigeria, goods made wholly or partly of imported compounds, and minerals including petroleum require specific export licenses. A single tariff schedule exists for specific Nigerian exports. Unless specifically listed, or under the Export Prohibition Order, goods to be exported are exempt from payment of export duties. Most export duties are levied on a specific basis, as opposed to *ad valorem*.

There are special arrangements for taxes, royalties, duties and other government revenue from crude oil and oil products produced and exported.

Further information or specific questions regarding Nigerian trade regulations and practices may be obtained from: Office of International Marketing, U.S. Department of Commerce, Washington, D.C. 20230; (202-377-4564) or from any Department of Commerce District Office. Requests for Nigerian duties should contain a complete product description, including BTN, SIC, SITC or U.S. Schedule B Export Commodity Number for a more accurate response. Copies of the current Customs Tariff (Amendment) Decree are available from the Federal Ministry of Information, Printing Division, Lagos, Nigeria for about $8 a copy, plus postage.

### *Exchange Control*

The Exchange Control Act, 1962, as amended, vests control with the Federal Minister of Finance for all repatriation of foreign capital, profits and dividends, negotiation of external loans, internal borrowing by companies directly or indirectly controlled from outside Nigeria, and any dealings in foreign securities. Under the terms of the Exchange Control (Payments for Imports) Order Amendment 1975, the Governor of the Central Bank of Nigeria and authorized dealers shall release foreign exchange "in accordance with the supplier credit terms arranged by the importer with approval of the Federal Ministry of Finance. . ." or the Bank. Prepayment on the basis of letters of credit or at sight of shipping documents is permitted.

The Central Bank has specified the shipping documents required for release of foreign exchange as follows: Attested cable of confirmation of receipt of shipping documents, including the port cargo clearance certificate by the overseas correspondent bank; a proforma invoice; a copy of Ministry of Finance form D as approved by an authorized dealer; and a copy of the letter of credit. The relevant shipping documents should be forwarded to the Central Bank by the Bank in Nigeria within 21 days of receipt of the cable from the correspondent bank. The relevant shipping documents are: The attested invoice; a copy of the non-negotiable bill of lading; a copy of the certificate of insurance if available and the port cargo clearance certificate (ship entry notice).

The new port cargo clearance certificate directions may be obtained from the Nigerian Port Authority or Nigeria Airways. The directions contain a copy of the clearance certificate, which must be obtained in addition to the bill of lading, and other relevant documents. All ships and airline owners are to make copies of the port cargo clearance certificate available to exporters for attachment to the other shipping documents to be submitted to the overseas correspondent bank. The correspondent bank is required to cite the clearance ceritificate and the other relevant documents before payment can be made to the exporter.

The following essential items are exempted from the above provisions concerning port cargo clearance certificates: Meat—fresh, chilled, and frozen; eggs, fish, wheat and flour; stock fish; rice; cereals and cereal preparations; malt; hops; sugar; salt; medicaments; industrial raw materials and equipment; spare parts and tools; fertilizer; building materials—tiles, cement, roofing nails, tubes, pipes, galvanized pipes and tubes, sanitary ware, wire netting; printing ink; newsprint, printing and writing paper; day-old chicks; and raw materials for the manufacture of livestock feeds.

The foreign exchange control regulations now allow travelers into and out of Nigeria to import or export up to 50 naira in Nigerian currency. There is no local foreign exchange market. The Central Bank of Nigeria provides the commercial

banks with cover for imports either in the form of sterling in London or U.S. dollars in New York. Commercial banks are permitted to keep working balances abroad.

If letters of credit call for payment in foreign currencies, it is suggested that they include the following clause: "In accordance with the requirements of Nigeria exchange Control Regulations, drafts drawn within terms and conditions of this credit will only be paid after the related goods have been landed in Nigeria and currency cover is provided by the Central Bank of Nigeria." When suppliers charge interest on payments for imports into Nigeria from the date on the bill of lading until the release of Nigerian foreign exchange and/or overdue charges, the draft covering the respective shipment should bear a clause explaining such rates, within the legal maximum, for prior approval of the bank.

Exporters are cautioned against shipping to a customer when they are not certain of the buyer's credit rating. Fraudulent letters of credit have been reportedly drawn on nonexistent banks by disreputable importers. Credit checks on Nigerian firms should be requested from the Nigerian Embassy, commercial banks with international departments or through the Department of Commerce, which provides World Trader's Data Reports (WTDRs) prepared by the U.S. Embassy in Lagos.

### *Value of Imported Goods*

The value of imported goods is defined in the Second Schedule to the Customs and Excise Management Act, No. 55 of 1958, as amended. In computing the statutory value of imported goods, deductions normally allowable include trade discounts, quantity discounts, quality discounts, cash discounts, export discounts, nonassembly discounts, and bank commissions. Not allowable as deductions from statutory value of imported goods are sample discounts, pattern discounts, special consideration discounts (as in no claims for breakage), currency discounts, contingency discounts, unspecified discounts, those discounts not freely available, freight rebates and buying commissions.

### *Documents*

Shipments to Nigeria must be supported by certain properly executed documents. The exporter must supply: (a) invoice and declaration of value incorporating a certificate of value and a certificate of origin; (b) bill of lading or air waybill; (c) packing list, if not incorporated in the invoice; and, depending on the nature of the shipment, (d) health or sanitation certificate issued by the appropriate government agency in the country of origin. The importer, in order to effect entry, must fill out the (a) the appropriate Nigerian entry form in four copies; (b) a certificate of value from information in documents furnished by the exporter; (c) import license, when required, (d) other special permits or certificates, as applicable, in the case of vaccines, arms and ammunition, certain chemicals, alcohol, and other items.

Goods may be entered into Nigeria only on an "Invoice and Declaration of Value . . . Certificate of Value–Certificate of Origin" available from commercial printers (such as Unz & Co. in New Jersey or Wolcott's Stationers in Los Angeles). It must be executed strictly in accordance with detailed instructions. Experience has shown that a maximum of six adequately described tariff items may be accommodated in the space provided on one form. Continuation sheets are not permitted. Invoices covering piece goods consisting of mixed materials must show the percentage of such materials.

Among the more important details to be contained on the invoice is a clear indication of whether the exporter is the manufacturer, supplier, or in any way connected with the importer of the goods. Total f.o.b. and c.i.f. prices of the goods showing component costs, i.e. unit price, packing, freight, insurance, commissions, and other charges, must be clearly indicated. The invoice must be signed by the manufacturer, supplier, or exporter, and witnessed. Company stamps and fascimile signature are unacceptable on the original invoice. Photo copies are permitted as duplicates only. Supporting documents to the original invoice may be photo copies.

Consular legalization is not required unless requested by the importer. If requested, a consular legalization is obtainable normally in one business day from the Nigerian Consulate in New York City for $3 per signature.

When the exporter and the supplier or manufacturer are not the same, the original manufacturer's invoice should accompany the exporter's invoice. If that is unavailable, the goods to be exported must be certified to comply with the particulars in the invoice by a bank with an international department or a U.S. Chamber of Commerce approved for the purpose by the Nigerian Federal Ministry of Finance. Chambers of Commerce in most large U.S. cities are approved. The certification must appear on the invoice itself. Acceptable text might be: "I certify that supplier's (manufacturer's) invoices have been produced and compared with the consigning firm's invoices and that the latter truly represent particulars of the goods and the selling price, together with all charges up to the time of landing." Or, alternatively: "We herewith declare on oath that all statements made in this invoice are in accordance with the actual prices to be paid. Moreover, we declare that no agreements exist which may lead to an alteration of these prices and furthermore, that the goods are of U.S. (or other) origin."



No special bill of lading or air waybill form is required. Separate bills of lading or air waybills must be prepared for each port or interior destination. Shippers should make certain that bills of lading are correct in every detail and that trade names are qualified by sufficient description of such goods. Descriptions, shipping marks and numbers on the ship's manifest, bill of lading, packing list and invoice must all match with those on the actual goods.

A separate packing list showing packing detail, description of goods, weights, marks and numbers should be attached to the Nigerian commercial invoice form since there normally is insufficient space for such detail.

The importation of certain animals, animal products, plants, seeds, soils, and used merchandise may, for health and sanitation reasons, require a special permit or license for entry. In many cases the importer may need a special certificate issued by authorities in the country of origin of the goods to obtain the Nigerian license.

Exporters should forward all shipping documents by airmail direct to the Government Coastal Agent, Coastal Agency, 3 Creek Road, Apapa, Nigeria, immediately after ship departure so that the documents will arrive before the goods. Exporters should forward all shipping documents by airmail direct to the Government Coastal Agent, Coastal Agency, 3 Creek Road, Apapa, Nigeria, immediately after ship departure so that the documents will arrive before the goods. This will speed port clearances, avoid heavy storage fees, assist the importer in entering the goods, and initiate payment action. For shipments by air it is advisable to forward documents direct to whomever is expediting entry. It is urged that bills of lading or air waybills contain a "Notify Address" at the port of entry of the goods, especially in Lagos or Apapa.

Application for foreign exchange to pay for imported goods must be accompanied by the exchange control copy of the customs bill of entry, properly stamped with date of clearance, and a copy of the bill of lading or air waybill. It is advised that U.S. shippers provide at least one extra copy of the bill of lading to facilitate this procedure since, normally, applications for foreign exchange submitted to the Central Bank by the importer's commercial bank require 30 days for processing.

### *U.S. Exporter Documents Checklist for Shipments to Nigeria*

Customer Order, if available, in seven copies.

Invoice and Declaration of Value required for shipments to Nigeria; Certificate of Value Certificate of Origin.

Packing List (if inadequately covered on Invoice Form) original and six copies.

Bill of lading or air waybill, original and seven copies.

License, permits, certifications, when applicable, original and five copies.

U.S. Shippers Export Declaration (Required by the United States for any shipment valued over $250 or when a validated U.S. export license is necessary) in five copies.

### *Entry and Storage*

Goods imported into Nigeria may be entered for consumption, or for warehousing, transit, or transhipment. Entry of goods must be accomplished within 3 days after landing if storage charges are to be provided. Pre-entry is permitted and is advisable to prevent costly warehousing charges. Pre-entry is required in the case of hazardous goods of any kind.

Goods properly entered for transhipment or transit are exempt from duty. Goods entered for warehousing are not subject to duty until removed and reentered for consumption. Goods entered in transit are deposited under bond in transit sheds, a government warehouse, or other secure place under customs control until transhipment. They may remain so up to 7 days free of charge. However, any handling or other warehousing charges must be paid before transhipment.

Goods may be examined and samples taken with customs officials' permission without payment of duty. However, duty is payable on the full quantity or value entered and no duty allowance is made for samples which customs officials may require for examination or analysis.

Goods dutiable on an *ad valorem* basis may not be withdrawn from storage piecemeal; the entire shipment must be withdrawn at once. Any part of the shipment of goods, dutiable according to other than *ad valorem* standards, however, may be removed from storage provided duty is paid on the portion removed and entered for consumption.

Under Customs Supervision, warehoused goods may be packed, repacked, sorted, separated, or otherwise rearranged as may be necessary for their preservation or for sale or shipment. Goods may be transferred to other warehouses or removed temporarily under bond if Customs officials approve.

Goods not worth the duty assessed on them may be destroyed without payment of duty, if the Board of Customs and Excise approves. Bulky or dangerous goods are likely to incur extra storage charges if stored under Government supervision and control.

Goods in transit or pending transhipment must be rewarehoused or reexported or entered for consumption within 2 years or be subject to Government disposal or sale.

A bill of sight may be presented by the importer to allow examination of goods in the company of Customs officials in the event of inadequate documentary evidence of shipment interfering with perfect entry.

There are no free ports or zones in Nigeria.

Throughout the latter part of 1978, port congestion, particularly in Lagos, resulted in delays of more than 60 days for the entry of merchandise. Exporters should, therefore, ascertain through shipping agents that their goods are properly scheduled for unloading by the Nigerian Ports Authority.

### *Unclaimed Goods*

Generally, unclaimed goods are transferred to a Government warehouse a month after discharge. Goods which have remained in a Government warehouse for 1 month may then be advertised for sale in the *Federal Republic of Nigeria Official Gazette*. One month after the appearance of this advertisement, unclaimed goods will be sold and proceeds used to pay for duties, storage, handling, auctioning and other charges due. The remainder, if any, is paid to the owner of the goods if they apply within 1 year of sale; otherwise the surplus is payable to the account of the Federal Government. Goods so sold must be removed by the purchaser within 14 days or the goods are subject to resale by the Government.

It has been common practice among less ethical importers to purposely leave goods unclaimed so as to pick them up for less than invoiced value at auction.

With continued port congestion in spite of planned improvements, it is important for exporters to be doubly sure of importer performance or prepayment.

### *Labeling, Marking and Packing*

Nigeria adopted the metric system in 1973. Under the provisions of the 1974 Weights and Measures Decree, all goods sold in the country and covering documents are to be labeled in metric terms. However, implementation of the Decree was postponed for imported goods until December 1978. Effective January 1, 1979, all items entering the country must be labeled in metric terms exclusively.

## Distribution and Sales Channels

### *Distribution Centers*

Approximately one-quarter of Nigeria's more than 80 million people live in urban centers of 20,000 people or more. There are three areas of high density—the Port Harcourt oil-producing area to the southeast; the Kano area in the northern agricultural belt, and the ever widening Lagos-Ibadan, commercial and manufacturing area to the southwest.

Lagos is the Federal Capital, chief seaport, largest commercial and manufacturing center, and largest city with about 3.5 million residents. The island character of the city has contributed to its strangulation. Traditional concentration of industry there has attracted more people than can be accommodated or employed. Relocation of the capital to a more central location was announced early in 1976. Nevertheless, as the entrepot for Nigeria and adjacent or landlocked countries, Lagos will remain the headquarters for most foreign and major domestic business and Government procurement authorities for some time to come.

Ibadan is the largest traditional African city. It is in the heart of the cocoa producing region and serves as the most important distribution center in the western portion of the country.

Port Harcourt is a fast growing city with more than 500,000 people. It is the second-ranking port in the country and serves a large native population in the southeast as well as the foreigners drawn by crude oil exploration and refining. Kano with about 500,000 people and Kaduna with more than 200,000 are important market and distribution centers for neighboring countries and the north, where agriculture and associated processing industry is receiving special emphasis.

Nigeria does not require that origin of goods appear on labels. Senate Concurrent Resolution 40, adopted July 30, 1953, invites U.S. exporters to inscribe, insofar as practicable, on the external shipping containers in indelible print of a suitable size: "United States of America." Although such marking is not compulsory under our laws, U.S. shippers are urged to cooperate in thus publicizing American-made goods.

The Merchandise Marks Ordinance forbids importation of goods labeled in such a way as to infringe on trademark rights of other manufacturers. Goods bearing trade or other marks which are false or misleading are also prohibited, especially use of the Royal Arms of Great Britain or fascimiles.

All packages and goods imported into Nigeria should be marked according to shipping practice, in the absence of specific Nigerian regulations. Containerized imports must have identifying marks and numbers clearly and indelibly displayed on the container, and they must agree with the ship's manifest. When the container holds more than one consignment of goods or a consignment consists of goods of a different description, such details must also be shown on the ship's manifest.

Packages or containers of sales samples should be marked "Free Sample" or "Free Specimen" and the address side of the container must be marked "Sample of Merchandise."

Special marking regulations cover a limited group of articles, coinciding in most cases with those imports requiring licensing, certificates or permits, including, for example: Flour, gunpowder, nails, rice, salt, some soaps, yams, wool, crochet cotton, blueing candles, and sugar.

Parcels should be securely packed and wrapped in waterproof covers to guard against the elements, pilferage, and rough handling, possibly for extended periods. Goods packed in straw may be refused entry due to limitations on material, such as straw originating from small cereals.

There are approximately 2400 dialects spoken in Nigeria; most are related to the three principal languages: Hausa-Fulani, Yoruba, and Ibo. The official language is English. The literacy rate is estimated at 25 percent in the south but less in the North. Unemployment and underemployment are high in the urban areas. A national census was conducted in December 1973, but the new Government has declared it invalid and stated that projections from the 1963 census are more accurate.

### *Sales Channels*

Many American firms already have tailored their presence in Nigeria to suit the market. They make the most of sales potentials by appointing local agents distributors, selling through established wholesalers and dealers, or setting up branches or subsidiaries.

*Firms are encouraged to send catalogs, price lists, and other related product information for use in the U.S. Commercial Library/Business Reception Center, U.S. Embassy Lagos, c/o U.S. Department of State, Washington, D.C. 20520.*

The Nigerian Enterprises Promotion (Indigenization) Decree of February 1972 was put into effect in April 1974 and revised in June 1976 and again in April 1977. (See section on "Investment Regulation"). As Nigerian participation in all aspects of economic activity is the trend and objective of the Government, U.S. firms selling in the Nigerian market would be well-advised to sell direct or through indigenous agents and avoid third country middlemen based in Nigeria. Representatives in third countries should also be avoided.

Established, technically qualified, indigenous distributors can be found. However, their rare talents are so much in demand that they tend to represent many competing lines. These representatives are generally lawyers, retired government officials, or the large private trading firms, such as Leventis or UAC. Many of these distributors are identified in "World Traders Data Reports." (See the section on "Credit".)

Where profits are small or nonexistent, as in the case of most rural distribution, the Federal and state governments are entering the picture. But their record so far has not been encouraging.

### *Government Procurement*

Procurement of goods and services by the Federal and state governments is sometimes

handled by international tender. Notices of invitations to bid or requests for proposals are published in Nigeria and available, after some delay, from the Nigerian Embassy in Washington and the Nigerian Consulates in New York and San Francisco. They are published in the *Commerce Business Daily*, *Business America*, *Quarterly Summary of Future Construction Abroad* or disseminated through the U.S. Department of Commerce Trade Opportunities Program (TOP). Of course, there can be no substitute for tactful lobbying on the spot for a more timely and successful response.

Nigeria's tender system, a disjointed and irregular relic of colonial days, is the method by which goods and services are procured on the Federal and state levels. The system demands that prospective bidders follow a set of guidelines which include: Adherence to applicable registration procedures for the specific type of project involved; recognition of administrative complexities involved in submitting a tender; development of a method of price quotation comparable to other bidders; and observance of deadlines set by the tendering boards. In addition, bidders should be prepared to followup diligently on proposals.

In Nigeria's tender system, there are three methods for procuring goods and services: Open competition, selective tenders, and negotiated contracts. Three factors determine the approach used: The agency handling the project, the size of the project, and the amount of time allotted for completion. Generally speaking, open tenders are used for standardized, generally available goods and services, while selective tenders or negotiated contracts are used for more specialized goods and services.

Open competition tenders permit the widest range of offers and should result in the best prices and delivery dates available. Most jurisdictions use this method for procuring foodstuffs, furniture, office equipment, building materials and equipment and, less frequently, for such services as consulting, surveying and the like. Through notices in the Nigerian, and often the overseas press, potential suppliers are invited to quote terms directly to the purchaser or purchase tender documents spelling out specifications of the material or job. Open competition tenders have two drawbacks. They often attract a large number of suppliers, some of them unknown or inferior, tying down employees in reviewing offers and investigating suppliers. Secondly, tenders sometimes appear so close to the deadline that suppliers cannot bid properly. This often causes overpricing. Under the open competition tender system, American suppliers cannot hope to compete without an alert local representative who can react quickly.

Selective tendering requires some form of registration with the issuing ministry or agency. The ministry may obtain a list of potentially qualified firms from foreign embassies and consulates within the country, the aim being to exclude unqualified suppliers or hold qualified suppliers to a manageable number. To qualify to bid on most public works contracts, construction firms must be incorporated in Nigeria with a Nigerian partner holding 60 percent equity. They also must register with the Federal Works Registration Board, usually a lengthy process intended to ensure that the firm is qualified. All state governments have similar registration requirements but some accept Federal registration as adequate proof of a firm's competence.

The most frequent user of the selective tender process is the Federal Tenders Board of the Ministry of Works. The Board is responsible for projects over ₦250,000 except those from the Ministries of Education, Health, Communication, Defense and Police Section. A company's eligibility to bid is based upon qualifications described in the registration form. For example, if the project requires a road builder, only those firms registered as road builders will be invited. If the job requires registration for Category D "Mechanical Electrical" as well as Category D "Civil-Building" only firms registered for both will be invited. Another process, prequalification, is a direct function of selective tendering. For jobs requiring special expertise, companies are often requested to partake in a preliminary procedure of describing their qualifications. These qualifications are reviewed and a short list is drawn up of companies which are then eligible to tender on that project. In some cases, the companies are sent invitations to tender requesting that they subsequently secure tender documents. In other cases, they are sent the invitation and tender document simultaneously. Since all of the companies involved in the selective tendering process are on relatively equal terms, the process results in vigorous competition. Elements of a successful document could include a comprehensive training program, proven superior management, reasonable cost, and perhaps most important, an acceptable time schedule. A good maintenance program is another advantage. A large staff of foreigners or "expatriates" is a disadvantage.

The third type of tender is the negotiated contract. It may be open to an indefinite number of firms or limited to a select number depending on the range of jobs and needs of the tendering body. The negotiated contract differs from the others in that the notifying agency simply explains what it needs done, while the company is responsible for the time, the terms, and the price. The terms and price are reviewed by the agency and a final cost and conditions are negotiated by the company and the agency.

As alluded to earlier, being invited to tender is not a simple process. If, for example, you are a contractor who is interested in a large construction project, you must register first with the Permanent Secretary, Business and Registration Board, Ministry of Trade, and then with Registrar, Federal Works Registrar, Federal Works Registration Board, Federal Ministry of Works. The type of registration is dependent upon the size and the nature of the project as shown below.

*Building-Civil Engineering*

Category A up to ₦20,000
B Minimum of ₦100,000
C Minimum of ₦1 million
D Minimum of ₦2 million

*Mechanical-Electrical (Plumbing, Air-Conditioning and Lift)*

Category A Up to ₦20,000
B Minimum of ₦15,000
C Minimum of ₦50,000
D Minimum of ₦150,000

Contractors interested in the Mechanical/Electrical category should produce evidence of a valid license issued by the Nigerian Electric Power Authority (NEPA). Contractors interested in providing consultant services should apply to the appropriate ministry, Permanent Secretary, Planning Section. Those who intend to employ expatriates must apply to the Ministry of Internal Affairs for an "expatriate quota."

Although tenders are publicized in the *Federal Official Gazette* and newspapers, the tenders themselves usually must be purchased from the issuing body. Costs range from ₦45 to ₦600. While it is not encouraged, appeals may be made to the Tenders Board to extend bid deadlines. If granted, this extension would affect all potential bidders. Selection of bidders is usually made in a closed meeting.

Before April 1976 state tendering procedures differed widely from state to state. Since then, at the prodding of the Federal Government, state tendering procedures have become more and more standardized although there are still some important differences.

To be able to bid on a construction tender, a firm must first be registered. In fact, some states require registration of structural engineers, architects, surveyors, and electrical/mechanical contractors as well. Some states require registration with the state registration board (usually located in the Ministry of Works or the Ministry of Finance and Economic Planning.) Others require only Federal registration. Some require both. When firms register with the state government, they are classified according to their capacity. The firm's classification defines the magnitude of the projects it may bid upon.

The state ministry initiating an invitation to tender makes the final decision on which firm gets the contract if the job is small enough to be considered a "petty contract." However, in the case of "major contracts" the final decision rests with the state tenders board and the state executive council, subject to plan approval by the Ministry of Economic Development.

In newly developed states where there are many contractors, most projects are open to competition to attract a number of firms to bid. The state may require the company to register after or directly before being awarded a job. Other states invite companies to bid through selective tendering. Like the Federal process, in the case of a few major contracts, firms first prequalify before offering a bid. Prequalification involves convincing the state that the firm is capable of satisfactorily completing the particular job. Evidence of capability involves subjective criteria as well as objective criteria such as a past record of successful completions of similar projects. By means of the prequalification process, the number of firms eligible to tender on a project is narrowed to a "short list" of about five. From these five firms invited to submit bids, one is finally awarded the contract.

If a potential contractor cannot visit the individual state, the most complete sources of state tendering information are the numerous state liaison offices located in Lagos, primarily on Victoria Island and in Ikoyi. These liaison offices also can be of considerable assistance in situations where a firm wishes to initiate a project in a particular state. After listening to the firm's proposed project, the liaison officer will direct the firm to the appropriate ministry in the state capital. Usually the liaison officer will be happy to write a letter of introduction and occasionally he can cable the ministry and set up an appointment. The officer is also an up-to-date source of current investment rules and regulations in his state.

Three types of organizations are the sources of tenders in the Federal tendering process: Statutory corporations (National Shipping, Nigerian Railway Corporation, Nigeria Airways Ltd., Nigerian Port Authority, Nigerian Federal Communications Corporation); ministries (Agriculture, Aviation, Communications, Cooperatives and Supply, Defense, Economic Development, Education, Establishments, External Affairs, Finance, Health, Housing-Urban Development-Environment, Industries, Information, Internal Affairs, Justice, Labour, Mines and Power, Social Development-Youth and Sports, Trade, Transport, Water Resources Works, Special Duties); and parastatals (e.g., National Insurance Corporation of Nigeria, (NICON); Nigerian External Telecommunications, Ltd. (NET); Nigerian National Petroleum Corporation (NNPC).

Prior to August 1975, statutory corporations were all accountable to the Corporations Standing Tenders Board (CSTB). After August 1975 statutory corporations functioned as quasi-autonomous entities responsible almost directly to the Federal Executive Council. Now the statutory corporations, although still enjoying some independence of action, are supervised by the related ministry. The commissioner of the ministry now makes recommendations on behalf of the statutory corporation to the Federal Executive Council.

Statutory corporations do not require that potential contractors register their business names in Nigeria nor affiliate with indigenous business people before they are awarded contracts. The ministerial tender boards, on the other hand, do require some type of registration or affiliation with indigenous business before the awarding of contracts. The Federal Tenders Board of the Federal Ministry of Works is responsible for building, civil engineering, mechanical, and electrical installation contracts across-the-board.

The third group of Federal tendering organizations, the parastatal tender boards, is one of three types: A department of a ministry (e.g. Nigerian External Telecommunications-Ltd./ Ministry of Communications); a marketing board (e.g. Nigerian Cocoa Board); or an association-type (e.g. National Insurance Corproation of Nigeria).

All of these tender boards, ministerial, corporate, or parastatal, must submit their recommendation to the Federal Executive Council. A memo specifying the aims of the project and the ministry's recommendations is written by the head of the ministry or corporation and submitted to the Federal Executive Council for final approval. The responsibilities of each State's ministerial and cooperation tender boards are not well defined. Occasionally, universities and purchasing agencies or middlemen issue tender notifications of projects.

Historically, Nigeria has used consultants to procure their goods and services. The colonial tradition of the British Crown Agents in Nigeria bears this out; they serve as a trading company to solicit goods and services from all foreign suppliers. American business representatives interested in selling to Crown Agents can contact their Washington office at 3100 Massachusetts Avenue, N.W., Washington, D.C. 20008, (202-462-1340), cable Crown Washington.

A similar system has been incorporated into the ministries, which hire consultants who work as Nigerian Government employees and solicit services or equipment from firms through one of the methods of tendering. The consultants are warned against any nationalistic bias in selecting companies to perform a specific task.

Ministries not only have this type of consultant, but also have architects and architectural firms attached to the ministry which draw up plans, recommend contractors, supervise jobs, and issue completion certificates at various stages of the contract.

### *Statutory Corporations and Boards*

National Insurance Corp. of Nigeria
97/105 Board Street
P.O. Box 1100
Lagos

Defense Industries Corporation
P.M.B. 2100
Kaduna, Kaduna State
Lagos Branch:
1 Bourdillon Road
Ikoyi, Lagos

Nigerian National Communications Corporation
Ikoyi Road
P.M.B. 12504
Ikoyi, Lagos

National Newspapers Corporation
c/o Ministry of Information
Broad Street
Lagos

Nigerian Railway Corporation
Railway Compound
Ebute Metta, Lagos



Nigerian Ports Authority
26/28 Marina
Lagos

Nigerian Mining Corporation
c/o Ministry of Mines and Power
Mines Division
Broad Street
Lagos
or: P.M.B. 2154
Jos, Plateau State

Nigerian Coal Corporation
c/o Ministry of Mines & Power
Mines Division
Lagos
or: Okpara Street
P.M.B. 1053
Enugu, Anambra State

National Electric Power Authority
24/25 Marina
P.M.B. 12030
Lagos

Nigerian National Petroleum Corp.
97/105 Broad Street
P.M.B. 12650
Lagos

Nigeria Airways Corporation
Nigeria House
Ikeja Airport
P.M.B. 1024
Ikeja, Lagos

Nigerian Livestock and Meat Authority
Hospital Road
P.O. Box 479
Kaduna, Kaduna State

Sokoto-Rima Basin Development Authority
c/o Ministry of Agriculture
P.M.B. 2223
Sokoto, Sokoto State

Chad Basin Development Authority
Maiduguri, Borno State

Agriculture Research Council of Nigeria
c/o Federal Ministry of Agriculture and Natural Resources
34/36 Ikoyi Road
Ikoyi, Lagos

Federal Housing Authority
Festival Town - P.M.B. 3200
Badagry Road, Surulere
Lagos

Staff Housing Board
c/o Ministry of Establishments
Independence House
Lagos

Nigerian Enterprises Promotion Board
15 Keffi Street, Ikoyi
P.M.B. 12553
Lagos

Nigerian Steel Development Authority
135/146 Broad Street
P.M.B. 12015
Lagos

National Industrial Research Council of Nigeria
21 Awolowo Road, Ikoyi
P.O. Box 7498
Lagos

Federal Tenders Board
Ministry of Works
Victoria Island
Lagos

Federal Works Registration Board
c/o Federal Ministry of Works
Victoria Island
Lagos

Nigerian Council for Science and Technology
Cabinet Office
Race Course
Lagos

Police Service Commission
Police Council
Independence Building
Lagos

National Sports Commission
National Stadium
Surelere, Lagos

National Youth Service Corps
Cabinet Office
P.M.B. 12673
Lagos

Industrial Arbitration Tribunal
12 Ijora Causeway
Lagos

National Census Board
Off Eric Moor/Adelabu Road
Surelere, Lagos

### *Ministries Tender Boards*

Permanent Secretary
Ministry of Agriculture and Rural Development
34036 Ikoyi Road, Lagos

Permanent Secretary
Ministry of Civil Aviation
New Secretariat
Ikoyi, Lagos

Permanent Secretary
Ministry of Communications
Tafawa Balewa Square
Lagos

Permanent Secretary
Ministry of Education
3 Moloney Street
Lagos

Permanent Secretary
Ministry of Cooperatives and Supply
Lagos

Permanent Secretary
Ministry of Defense
Republic Building, Marina
Lagos

Permanent Secretary
Ministry of Establishment
Independence Building
Lagos

Permanent Secretary
Ministry of Finance
New Secretariat
Ikoyi, Lagos

Permanent Secretary
Ministry of Industries
New Secretariat
Ikoyi, Lagos

Permanent Secretary
Ministry of Information
Independence Building
Lagos

Permanent Secretary
Ministry of Internal Affairs
Alagbon Close
Ikoyi, Lagos

Permanent Secretary
Ministry of Justice
Old Secretariat
Marina, Lagos

Permanent Secretary
Ministry of Labour
Independence Building
Campbell Street
Lagos

Permanent Secretary
Ministry of Social Development Youth & Sports
Lagos

Permanent Secretary
Ministry of Trade
Six Storey Building
Broad Street
Lagos



Permanent Secretary
Ministry of Transport
Old Secretariat Building
Marina, Lagos

### *Nigerian States Tenders Boards*

Anambra State
16A Lugard Avenue
Ikoyi

In Enugu, contact:
Ministry of Industries
Ministry of Works and Housing (includes Tenders Board)
Ministry of Finance and Economic Development

Bauchi State
4 Kofo Abayomi Street
Victoria Island
Phone: 58879

In Bauchi, contact:

Ministry of Works and Housing
Ministry of Trade, Industry, Cooperatives and Tourism

Bendel State
235/237 Ijora Causeway
Apapa Road
P.M.B. 12683
Lagos
Phone: 45502/3/4/5

In Benin City, contact:
Ministry of Trade and Industry
Eple Lane
Ize-Ijamu Quarter
P.M.B. 1135
Phone: 630

Ministry of Works and Transportation
Benin-Sapele Road
Phone: 531, 532

Benue State
63 Awolowo Road
Ikoyi
Phone: 56171

In Makurdi, contact:

Permanent Secretary
Ministry of Works, Lands and Survey

Permanent Secretary
Ministry of Trade, Industries and Cooperatives

Borno State
4 Kofo Abayomi Street
Victoria Island
Phone: 58879

In Maiduguri, contact:
Ministry of Works and Housing

Ministry of Trade, Industry, Cooperatives and Tourism

Cross River State
Plot 1005
Victoria Island
Phone: 51240, 53145

In Calabar, contact:
Permenent Secretary
Ministry of Industries & Tourism (Industrial investment & contracts)

Permanent Secretary
Ministry of Works and Transport (all other contracts

Gongola State
4 Kofo Abayomi Street
Victoria Island
Phone: 58879

In Yola, contact:
Ministry of Works and Housing

Ministry of Trade, Industry, Cooperatives and Tourism

Imo State
4 Bedwell
Ikoyi

In Owerri, contact:
Permanent Secretary
Ministry of Works (Tendering)

Permanent Secretary
Ministry of Finance and Economic Development (Investment)

Kaduna State
26/28 Kofo Abayomi Street
Victoria Island
Phone: 28246

In Kaduna, contact:
Permanent Secretary
Ministry of Trade & Industries

Permanent Secretary
Ministry of Works & Housing

Kano State
13 Waziri Ibrahim Street
Victoria Island

In Kano, contact:
Chief Civil Engineer
Ministry of Works and Housing
Nasarawa

Kwara State
11 Iodwu Martins Street
Victoria Island
Phone: 57746, 22021

Niger State
17 Adeola Odeku Street
Victoria Island
Phone: 52089

Plateau State
63 Awolowo Road
Ikoyi
Phone: 56171

In Jos, contact:
Permanent Secretary
Ministry of Works
Permanent Secretary
Ministry of Trade, Industry and Cooperatives

Rivers State
Plot 1233
Victoria Island

In Port Harcourt, contact:
Ministry of Works & Housing Moscow Road

Ministry of Trade and Economic Development
Ikwere Road

Sokoto State
17 Adeola Odeku Street
Victoria Island
Phone: 52089

In Sokoto, contact:
Permanent Secretary
Ministry of Works and Transportation
New Secretariat

Permanent Secretary
Ministry of Trade, Industries and Cooperatives
New Secretariat

### *Franchising and Licensing*

Franchising is relatively unknown in Nigeria but it is starting to grow. Hertz and Avis Rent A-Car, the only known franchisers operating in Nigeria, essentially cater to overseas visitors who pay for services under U.S. and European credit card arrangements. New interest in fast food and vehicle diagnostic and repair servicing is apparent, but the absence of a legal or regulatory framework governing fees, royalities, payments, and protection of parties to an agreement remains the basic impediment. Some forms of licensing arrangements, such as use of a hotel name backed by a management contract, are

more acceptable but competent legal guidance is advisable since most of these innovative business forms must accommodate indigenization.

## Credit and Monetary Policy

The formal credit system in Nigeria includes the Central Bank under the auspices of the Ministry of Finance, 17 commercial banks, 5 merchant banks, 3 development banks, the Federal Mortage Bank, the Federal Savings Bank, several finance corporations and insurance companies, and 3 stock exchanges.

In 1976 the commercial banks maintained 450 branches and had combined assets of close to $5 billion, 80 percent of the assets of the financial community. Ten of the 17 commercial banks are indigenously controlled and seven are affiliates of foreign financial entities. All the operating merchant banks are foreign affiliated. As a result of the Nigerian Enterprises Decree of 1972 all foreign-affiliated merchant and commercial banks are majority-owned by the Nigerian Government.

Commercial banks are minimally involved in term lending except to preferred clients. Nigeria's merchant banks, however, are heavily involved. Merchant bank functions include wholesale banking, leasing, medium-term lending and underwriting debt and equity issues.

The Lagos stock exchange, founded in 1961, provides a market for the shares of 36 companies. With Nigeria's indigenization degree effective January 1, 1979, for all sectors except insurance and banking, it is expected that the stock exchanges will become increasingly active.

The three development banks—the Nigerian Agricultural Bank, the Nigerian Bank for Commerce and Industry (NBCI) and the Nigerian Industrial Development Bank (NIDB)—along with the Federal Mortgage Bank and the Federal Savings Bank are federally controlled. The NIDB and the NBCI have similar structures and objectives, both providing term financing to industry. NBCI, however, also lends to services and is involved in commercial lending.

Lending to the private community expanded rapidly with the oil boom and the tremendous increase in foreign reserves. In 1976, as part of the government's anti-inflation monetary policy, limits on the further growth of commercial bank lending and credit allocation requirements were introduced to promote the flow of credit to what were termed "directly productive sectors," particularly agriculture and manufacturing. Nigeria's growing balance of payments deficit in 1976 and 1977, along with its continuing inflation and unusually high (60 percent) growth rate of the money supply, further tended to restrict commercial lending. Under current regulations, most banks are restricted to a 30 percent expansion of credit over the previous year. New banks and those with loans and advances of not more than 100 million as of March 31, 1978, are allowed a 40 percent increase.



Banks are required to put 6 percent of loans and advances in the agriculture sector and 32 percent in manufacturing. Credit allocation for imports has been reduced from 10 percent to 8 percent.

Most sectoral allocations of credit were met by the commercial banks with the principal exception of credit to the agricultural sector. In an effort to stimulate agricultural lending, commercial banks failing to meet the 6 percent allocation are required to deposit funds equal to the shortfall with the Central Banks.

Merchant banks were directed to observe longer maturity periods for their loans. A minimum of 50 percent of total loans and advances must have a maturity of not less than 3 years. A maximum of 10 percent of loans and advances can have a maturity of less than 12 months.

Importers must now make 100 percent advance deposit for letters of credit to the Central Bank on all imports except capital goods, raw materials, medical supplies and most food items. In addition, banks must now loan 60 percent of all commercial banking credit indigenous borrowers, i.e., to Nigerian citizens or those firms which have at least 50 percent Nigerian ownership. A special 10 percent tax on excess banking profits in addition to the standard company income tax has been levied. Excess profit is calculated by assuming the following to be maximum normal profits: paid up capital 40 percent; general reserves 20 percent; and long term loans 20 percent. Finally, the commercial minimum leading rate has been increased from 6 percent to 9 percent.

For consumer items on the mass market, credit is casually arranged and based on the personal relationships of the parties involved. Thus the wholesaler, agent, or distributor extends credit to the traders and the traders to the end-user in an interlocking pattern. Family sharing plays an important role in the intricate mass distribution complex. For capital goods imports, especially by private enterprise, liberal supplier credits are worth considerably higher prices. The Central Bank of Nigeria regulates the prevailing rate of interest at a customary two points over the "Commercial Bank's Lending Rate." In the absence of definite directives on this matter, experience in international credit terms will be the best bargaining position for negotiating payment terms for U.S. exports to Nigeria.

Letters of credit play an important part in financing Nigerian imports. Irrevocable instruments are recommended to collect payments for U.S. exports to Nigeria. As a general rule, only after a trading relationship has matured should a U.S. supplier begin to consider use of sight drafts or other credit terms.

Background information on Nigerian firms is available from the Commerce Department's World Trader's Data Report; Credit information from Foreign Credit Interchange Bureau (FCIB/NAMC Corp.) 475 Park Avenue, New York, NY 10016; Business International, 757 Third Avenue, New York, NY 10007; and Dun and Bradstreet, Inc., 99 Church Street, New York, NY 10022. Similar and additional information may be obtained from U.S. banks with recognized international departments.

Foreign nationals must be protected against the action of fraudulent Nigerian companies and individuals who have presented themselves as authorized dealers in foreign exchange, purporting to have powers to engage in banking activities and particularly to issue letters of credit. The names of duly authorized Nigerian Commercial Banks officially licensed and recognized as authorized dealers with powers to undertake banking business are listed below (U.S. bank affiliations are noted parenthetically):

African Continental Bank Ltd.
148 Broad Street
PMB 2466, Lagos

Arab Bank Ltd.
Balogun Square
PMB 1252, Lagos

Savanah Bank (Nig.) Ltd.
138/146 Broad Street
PMB 2317, Lagos
(Bank of America)

Bank of the North Ltd.
PMB 219, Kano

Barclays Bank of Nigeria Ltd.
40 Marina, Lagos

Co-operative Bank of Eastern
Nigeria Ltd.
28 Ikapara Avenue
PMB 1321, Enugu

Co-operative Bank Ltd.
New Court Road, Ibadan

International Bank for
West Africa Ltd.
94 Broad Street
PMB 12021, Lagos

Mercantile Bank Ltd.
1 Barracks Road
PMB 1084, Calabar

New Nigeria Bank Ltd.
Ring Road
PMB 1193, Benin City

National Bank of Nigeria Ltd.
82/86 Broad Street
PMB 12123, Lagos

Pan African Bank Ltd.
Liberation Drive
Port Harcourt

Standard Bank Nigeria Ltd.
35 Marina, Lagos

United Bank for African Ltd.
97/105 Broad Street
PMB 2406, Lagos

Wema Bank Ltd.
52/54 Danton Street
PMB 1053, Ebute Metta

Nigerian Bank for Commerce
and Industry
3 Prison Street
PMB 4424, Lagos

Kaduna State Cooperative Bank Ltd.
Yakubu Gowan Way
PMB 2121, Kaduna

Kano State Cooperative Bank
10E Bello Road
PMB 3229, Kano

**REQUIRED PERCENTAGE DISTRIBUTION OF COMMERCIAL BANK LOANS AND ADVANCES**

| Category of borrower | FY 1978 |
|---|---|
| PRODUCTION TOTAL | 50.0 |
| Agriculture, forestry & fishing | 6.0 |
| Mining & quarrying | 2.0 |
| Manufacturing | 32.0 |
| Real Estate and construction[1] | 10.0 |
| SERVICES TOTAL | 10.0 |
| Public utilities | 2.0 |
| Transportation and communication | 8.0 |
| SUB TOTAL | 60.0 |
| GENERAL COMMERCE TOTAL | 28.0 |
| Exports | 6.0 |
| Imports | 8.0 |

| | |
|---|---|
| Domestic trade | 12.0 |
| Bills discounted | 2.0 |
| OTHERS TOTAL | 12.0 |
| Credit & financial institution | 3.0 |
| Governments | 2.0 |
| Personal and professional | 4.0 |
| Miscellaneous | 3.0 |
| SUBTOTAL B | 40.0 |
| GRAND TOTAL | 100.0 |

[1] Of which 5 percent to residential building and 5 percent to other building construction.

## Transportation, Communications and Power

### *Ports and Shipping*

Nigeria has four port complexes for general cargo: Lagos (including Apapa, Tin Can Island and Kiri Kiri); the Delta Port Complex (Koko, Burutu, Bonny, Warri, Sapele and the Escrevos, Forcados and Pennington terminals); Port Harcourt; and Calabar. These ports serve a market of over 90 million people, including about 8 percent transit cargo for countries such as Niger and Chad. In 1977 general cargo passing through the four complexes totaled 9 million metric tons. The Nigerian Ports Authority (NPA), which has operated and administered the general cargo ports of Nigeria since 1955, is responsible for the administration and operation of the country's port facilities.

The Lagos complex handles from 75 percent to 80 percent of the general cargo traffic. The Apapa wharf, located on the sea coast, contains 20 berths. Three of these berths are able to load and unload containerized shipments, and can accommodate ships of up to 27 foot draft or 10,000 tons deadweight. Construction has begun on an additional four berths for the Apapa facility, three conventional and one roll-on roll-off berth. All berths and storage facilities are served by railway sidings. Several buoy berths and anchorages are available. Tin Can Island, completed in late 1977, contains ten berths—eight general cargo and two roll-on roll-off—and can accommodate ships up to 500 feet in length and 26-foot draft.

Port Harcourt, the second largest port facility, is capable of serving seven oceangoing vessels. Port Harcourt is the terminus of the main railway line in the eastern part of the country. Transit sheds and direct rail and truck services are available at shipside. In 1976 Port Harcourt handled 940,000 metric tons of general cargo. The port is considered inadequate for servicing the area's needs and it is slated for expansion.



The preselection process has begun for design of four additional berths. The expanded facility is expected to handle an additional 600,000 metric tons per year. Upstream on the Bonny River, the Federal Government is interested in constructing a coal handling facility. The port, to be located in Onne, will initially have six berths with the potential to expand to a total of 30.

The Delta Port Complex handles about 7 percent of Nigeria's general cargo; 1976 totals amounted to 387,000 metric tons. Warri, the largest port of the complex, presently has two berths. Plans call for construction of an additional four berths along with ancillary facilities.

Ports in the complex include Bonny with two mooring buoy berths where tankers of up to 350,000 tons deadweight now load more than 70 million tons annually, This is about 90 percent, of Nigeria's exports in the form of light sulphur crude oil. Abonnema has a 120-foot berth and 17-foot draft for vessels carrying bulk oil, etc. and anchorages for three vessels in harbor to load-discharge ships of up to 16-foot draft. Koko, has one deepwater berth, a 450-foot wharf with a 24-foot draft. Sapele, on the Benin River. Other ports are Okrika on the Bonny River; Burutu on River Forcados; and facilities at Brass River, Escrevos, and Forcados handling oil-related trade.

Nigeria's 5,331 miles of navigable inland waterways, using principally the Niger and Benue Rivers and their tributaries, constitute an extensive waterway system and provide a potentially important means of transportation. Currently, the Government has let tenders to dredge a 200-mile stretch of the Niger River to Ajaokuta to service Nigeria's first blast furnance.

Shipping times from U.S. ports range from 9 to 50 days depending upon intermediate stops and delays, and not including the delays encountered in the Lagos port complex where queues to unload cargo at year end 1978 totaled close to 60 ships. Lagos is by far the most congested of the harbors. From time to time the Federal Government has instituted a variety of measures to alleviate the port's congestion, including: Closing the wharfs to empty storage sheds and warehouses; limiting the issuance of Ship Entry Notices; and temporary Government takeover of Freight Conference exclusive berths to unload "priority" cargoes.

Two U.S. flag carriers, Farrell Lines and Delta Lines, serve Lagos on a scheduled basis as members of the American West African Freight Conference. As of this writing the conference has one priority berth in the Lagos complex; a second has been promised. There is some tendency among carriers to favor Port Harcourt and other less congested West African ports over Lagos.

### *Air Service*

Nigeria Airways Ltd. has 25 aircraft including 2 DC-10's. The Nigerian flag carrier provides air service from Lagos to Benin, Calabar, Enugu, Ibadan, Jos, Kaduna, Kano, Maduguri, Port Harcourt, Sokoto and some interconnecting flights. It offers international service to Accra, Abidjan, Banjul, Freetown, Monrovia, Dakar, Douala, London, Rome, Zurich, Madrid and New York. There are about eight aviation charter firms. Delta Air Charter, Pan African Airways, Aero Contractors, and Arax Airlines are based in Lagos. Together they operate at least 30 aircraft ranging from Piper Aztecs to DC-6's. Many private interests, notably the oil companies, operate their own aircraft.

### *Land Transportation System*

Roads provide the dominant mode of transportation in Nigeria. They account for about 70 percent of the movement of goods and services in the country. The major roads tend to parallel the railway system—Lagos northeast to Nguru, and Port Harcourt northeast to Maiduguri with a connection in the middle, forming a "K" pattern, from Kafanachan to Kaduna.

The country's road network is 60,000 miles, of which 11,000 are paved. The 16,0000 miles of the network under Federal administration (or trunk A roads) consist of those linking the major population centers, those serving the seaports and airports, and those leading to the border with neighboring countries. The roads serving the secondary towns are designated Truck "B" roads and are the responsibility of the state governments. Local roads (Truck "C") and city streets are the responsibility of local government councils.

The Federal Government has placed a high priority on linking the major ports and the state capitals. Recent developments include construction of a circumferential highway around Lagos, and planned completion in 1979 of the Lagos-Ibadan four-lane expressway (with design of its extension to Ilorin underway). Design or construction of the following highways have been initiated: The Shagamu-Benin City road; the Benin City-Asaba-Onisha-Enugu road; the Port Harcourt-Umuahia-Enugu road; and the Kaduna-Zaria-Kano road. In mid-1978 the Federal Government had 207 separate ongoing road contracts covering 8,750 miles of highway. The value of the contracts totaled close to $6 billion. Largely as a result of the exceedingly high short-term financial commitment to highway development and Nigeria's current revenue crunch, the Government is paring down additional projects for highway construction.

Nigeria's vehicle population stood at about 255,000 in 1975 with current growth estimated at close to 150,000 commercial and passenger vehicles per year.

The road transport industry is characterized by diffusion of ownership and small firm size. The reasons for this situation include free market entry (no common carrier regulation), small capital requirements, lack of specialization in the transport market, and high-risk/high-profit situations.

Larger, more specialized firms, often working on long-term contracts and moving products such as petroleum, refrigerated goods, steel, and construction equipment requiring special vehicles, have begun to appear in Nigeria. Foreign entrepreneurs, often long-term residents of Nigeria, controlled most of the larger cargo and passenger transport companies in the past. Since the Enterprises Promotion Decree of 1972, the transport of goods (except petroleum) and passengers by road has been reserved exclusively for Nigerian citizens.

In the near absence of any regulations concerning routes or rates, vans and trucks may ply wherever their business takes them, carrying whatever goods or passengers are available at freely negotiated rates. In practice, there is some natural specialization with regard to local or long-distance markets, particular types of commodities, routes, and clients. In addition, many private bus lines will operate only within a given State or region.

Nigeria's rail system is owned by the Nigerian Railway Corporation (NRC), a semi-autonomous statutory corporation of the Ministry of Transport. It is the only authorized railroad operator in Nigeria. The basic rail system runs north-south from Kano to Lagos and to Jos-Port Harcourt. It was completed in 1929. The most recent spur was constructed in 1965 going from Kuru (near Jos) to Maiduguri. The system is still the sixth largest in Africa with 2,200 route and 2,680 exclusively narrow gauge track miles carrying about 1.3 million tons of freight and 4.3 million passengers per year. The purpose of the system was partly political—to link the northern and southern regions—and partly economic—to

move the mineral resources and agricultural products of the North to southern ports. The system, with a maximum speed of 64/km/hr, was not designed to handle the demands of rapid economic growth.

The operating and communications equipment are inadequate resulting in a declining trend in passenger and freight traffic and an increasing operating deficit equal to twice its revenues.

#### Communications

Business correspondence is normally conducted by air mail, which arrives from the United States daily. Transit time averages between 7 and 14 days. Surface mail takes 6 weeks to 3 months; parcel post is slow and handling is unreliable.

Use only post office boxes or private mail bags (PMB) rather than street numbers when addressing business firms in Nigeria. House to house delivery is being discontinued, cables and telex supplement air mail communication and are more reliable. In estimating the time of arrival of a radio or cable message in Lagos, 5 hours should be added to Eastern Standard Time of dispatch. Local telephone service is available in most cities and larger towns although service is generally slow and not always satisfactory. Telephone service between the United States and Nigeria is more reliable than local service.

TV and radio, exclusively government-owned and operated, are being enlarged and modernized and ten new transmitting stations are being tendered. The Lanlate Satellite Earth Station is fully automatic with a 24-hour, countrywide telex switching facility in Lagos.

#### Power

Electric current in Nigeria is 230 volt, 50 cycle, single phase; 415 volt, 50 cycle three phase; and higher voltages in certain cases. Most principal cities and towns are electrified. The Government-owned Nigerian Electric Power Authority (NEPA) generates 98 percent of Nigeria's electric power. The Nigerian Electric Supply Co., a private firm, supplies the remaining 2 percent in the Jos area. Grid-connected plant supplies over 95 percent of energy sales. Plant capacity in 1977 equalled 1,125 megawatts, 46 percent hydroelectric, 54 percent turbine. In terms of energy sales in megawatts, residential endusers consumed 42 percent, and the industrial sector consumed 58 percent. NEPA exports roughly 43,800 megawatt hours, or 1.3 percent of total sales, to Niger.

The expected growth in demand omits a substantial quantity which is not included because of the inability of the distribution network to accommodate the necessary extensions. Growth has been computed from a fairly low base as per capita consumption in 1975–76 amounted to only 42 kilowatt hours.

Electricity rates to end-users have remained constant since 1973. However, industrialization of the country is hampered by unreliable power supplies. Recently, the Nigerian Association of Manufacturers estimated that on the average, 60 production hours per month are lost by each manufacturing entity in Nigeria. In addition, electric power is maldistributed. Lagos, with about 4 percent of the population consumes more than 60 percent of the power, thus contributing to the congestion of the city and manifesting the imbalance of industrialization in the country.

### Marketing Aids

#### Advertising Aids

Although advertising is not as widely used as in the United States, Nigeria has one of the most highly developed media systems in developing Africa. The intensity varies from area to area and is generally adequate only in the urban centers. Advertising places heavy emphasis on visuals because of widespread illiteracy. Generally, information is spread by word of mouth in marketplaces and by itinerant traders.

Brand consciousness and brand loyalty—particularly to established British marques—are still very important factors among the urban African population. Yet Nigerian consumers are extremely quality conscious and appreciate "Made in U. S.A." goods.

#### Printed Material

There are 13 daily, 32 weekly, 29 monthly, 10 quarterly, and 4 annual Nigerian publications. The largest daily newspaper, the *Daily Times*, is published in Lagos and has a circulation of more than 300,000. Its weekend edition of the *Sunday Times*, is the country's largest weekly newspaper with a circulation of about 500,000. The weekly *Business Times* is the most important for the business reader. The total subscription to newspapers is about 750,000 daily, 1.5 million weekly, and other periodical circulation exceeds 1 million. The number of persons reached by these publications, however, is at least four times this figure since many issues are shared or read aloud. Among the more popular



periodicals in Nigeria are *Drum*, a pictorial publication designed for African readers (circulation 150,000), *Headlines*, *Spear*, and *Women's World*. Advertising in these newspapers and magazines is generally expensive but worthwhile.

Billboards and poster art are inexpensive and a widely used means of advertising, particularly effective in the cities and when affixed to vehicles.

#### Radio and Television

Radio broadcasting is the most reliable way of reaching the Nigerian people. The national network is the Federal Radio Corporation (FRC), which is solely responsible for broadcasting to all parts of Nigeria from its main base in Lagos and through its zonal stations in Enugu, Ibadan, and Kaduna. State radio stations are no longer permitted to install transmitters larger than ten kilowatts and are confined to broadcasting only in their areas. All FRC programs are transmitted in English, concentrating on Nigerian domestic news.

Television was inaugurated in October 1959 when Western Nigerian Television Service (WNTS) become the first network to televise in Africa. All TV broadcasting facilities are now owned by the Federal Government. It remains limited as a medium of public information since only some 300,000 TV sets are in service throughout the entire country. However, it has a prime business and professional audience.

#### Packaging

Packaging techniques are very important to successful selling in Nigeria. Container designs should be as attractive and eyecatching as possible. Once an item has been introduced to the market, packaging changes should be subtly introduced so as not to sacrifice customer familiarity with a specific product's identity and brand loyalty. The competitive position of consumer goods often can be improved by enclosing them in containers, such as bottles or boxes, which can be reused by the purchaser.

#### Market Research and Trade Organizations

There are 86 advertising agencies in Nigeria and several that will undertake market research activities for their clients. Cost of local market research is very high. Banks can provide assistance in market research, and these services are sometimes available in the United States through correspondent arrangements.

There are several business organizations in Nigeria which may be able to furnish market information. These include the Association of Chambers of Commerce, Industry, and Mines of Nigeria, 131 Broad Street, P.O. Box 109, Lagos, and the Manufacturers' Association of Nigeria, 30 Marina Street, P.O. Box 3835, Lagos. The Nigerian Government can provide helpful market information through the various ministries; the Federal Institute of Industrial Research (FIIR), PM 1023, Ikeja Airport; Nigerian Standard Organization, 11 Koko Abayomi Road, Victoria Island; Information Division, Ministry of Information and Labor, PMB 2558.

For information on trade shows and exhibitions being staged in Nigeria, contact Trades and Exhibitions Department, the *Daily Times* of Nigeria, Ltd., 3/7 Kakawa Street, P.O. Box 139, Lagos. In the United States, additional information may be obtained from the Nigerian-American Chamber of Commerce, 65 Liberty Street, New York, N.Y. 10005, and the African-American Institute, 833 U.N. Plaza, New York, N.Y. 10017.

### Investment in Nigeria

U.S. investment in Nigeria totaled $335 million in 1977, of which $250 million was oil-related. Other foreign investment came mainly from United Kingdom ($800 million), Belgium, France and Germany ($200 million).

#### Investment Climate

Two main laws affecting incoming foreign investment are the Companies Decree of 1968 and the Nigerian Enterprises Promotion Decree of 1972 as amended in 1976 and 1977. In effect, the two measures ensure that all foreign investment is government-approved and forms equity joint ventures with Nigerian citizens. It is not the Government's intention to participate in the private sector except in such strategic economic sectors as petroleum, iron and steel, communications, utilities, and in some cases, banking. Under its policies, the Federal Government will only take an equity position in a going venture to make it comply with the Nigerian Enterprises Promotion Decree if private capital is unavailable or Nigerians are unwilling to invest.

Within the constraints of the Companies Decree and the Nigerian enterprises Promotion Decree, foreign investment is welcome. That is

not to say that the Nigerian business climate is ideal. Limitations on repatriations of earnings, expatriate quotas, conflicting priorities among ministries, constant issuance of decrees (some of which have been retroactive) changing investment terms, and Federal Government proliferation of red tape and slowness of paper processing can make investing in Nigeria a frustrating process.

Many Federal and state incentives are applied to encourage private investment into specific sectors or locations. Specific investment opportunities abound but Nigerian principals generally market these opportunities effectively. A review of U.S. companies in Nigeria reveals that most successful negotiations emanated from the United States or proposals were tailored to meet special circumstances prevailing in the Nigerian market.

Joint ventures in agricultural production and processing, along with manufacture of basic and intermediate industrial chemicals, automotive parts, and technical services offer the best investment opportunities in Nigeria. Investors contemplating joint ventures in Nigeria are urged to contact the U.S. Overseas Private Investment Corporation (OPIC), 1129 20th Street, N.W., Washington, D.C. 20527; (202-632-9154).

The Corrupt Practices Decree of 1975, designed to suppress corrupt practices for both the public and private sectors, provides stiff penalites for any person found guilty of bribery and corruption but exempts bona fide customary gifts.

### *Companies Decree*

The Nigerian Companies Law, reenacted by the Companies Decree 1968 provides for incorporation, regulation, and operation of companies. Under Part 10 of the Decree, every company incorporated outside of Nigeria, but having the intention of carrying on any business in Nigeria, must give notice in writing to the Registrar of Companies and become incorporated as a separate entity in Nigeria.

### *Special Provisions*

The Companies (Special Provisions) Decree of 1973 empowers the Federal Executive Council to exempt certain specified categories of foreign companies from complying with the provisions of some parts of the Companies Decree of 1968. All non-profit making companies are exempt from incorporation as well as companies which are engaged in a Federal Government contract by invitation. The latter companies may apply for exemption through the Secretary of the Military Government who will refer the matter to the Commercial Law Division of the Ministry of Trade.

### *Nigerian Enterprises Promotion Decree*

The Nigerian Enterprises Promotion (Indigenization) Decree of 1972 and its 1976 and 1977 revisions seek to secure greater local participation to further the economic advance of Nigerian citizens and avoid clashes of interest which may arise from predominance of foreign investment in certain areas of the economy. The Decree established a Nigerian Enterprises Promotion Board with power to advance the promotion of Nigerian equity participation. In addition, the Decree establishes a committee in each state to assist and advise the Board on the implementation of the Decree and ensure that its provisions are complied with by resident aliens.

Under the terms of the 1972 Decree insurance companies were required to have a minimum of 60 percent Nigerian equity ownership by 1973; banks were required to have 60 percent Nigerian participation by September 1976. By December 31, 1978, all companies operating in Nigeria were to have had a minimum of 40 percent Nigerian participation. The 1977 amendment places all ventures in one of three schedules. Schedule I lists those concerns revised exclusively for Nigerians; Schedules II and III include those entities necessitating 60 percent and 40 percent Nigerian citizen participation, respectively.

The term indigenization is not synonymous with "nationalization" because business should remain in private hands. New private industry is being encouraged under the new rules and compensation is as mutually arranged. For further information concerning additional changes in the Nigerian Enterprises Promotion (Indigenization) Decree contact the Country Marketing Manager, Africa, Office of International Marketing, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or (202-377-4927). In June 1978 there were almost 1,000 enterprises affected by the Decree of 1977. The list included both those which had already adjusted to the new equity schedules and those which had yet to do so before the December 31, 1978, deadline.



*SCHEDULE I—Enterprises Exclusively Reserved for Nigerians*

1. Advertising and public relations business.
2. All aspects of pool betting business and lotteries.
3. Assembly of radios, radiograms, record changers, television, sets, tape recorders and other electric domestic appliances not combined with manufacture of components.
4. Blending and bottling of alcoholic drinks.
5. Blocks and ordinary tile manufacture for building and construction works.
6. Bread and cake making.
7. Candle manufacture.
8. Casinos and gaming centers.
9. Cinemas and other places of entertainment.
10. Commercial transportation (wet and dry cargo and fuel).
11. Commission agents.
12. Department stores and supermarkets having an annual turnover of less than 2,000,000.
13. Distribution agencies excluding motor vehicles, machinery and equipment, and spare parts.
14. Exectrical repair shops other than repair shops associated with distribution of electrical goods.
15. Establishments specializing in the repair of watches, clocks and jewelry, including imitation jewelry for the general public.
16. Estate agency.
17. Film distribution (including cinema films).
18. Garment manufacture.
19. Hairdressing.
20. Ice-cream making when not associated with the manufacture of other dairy products.
21. Indenting and confirming.
22. Laundry and dry cleaning.
23. Manufacturers' representatives.
24. Manufacture of jewelry and related articles, including imitation jewelry.
25. Manufacture of suitcases, brief cases, handbags, purses, wallets, portfolios, and shopping bags.
26. Municipal bus service and taxis.
27. Newspaper publishing and printing.
28. Office cleaning.
29. Passenger bus services of any kind.
30. Poultry farming.
31. Printing of stationery (when not associated with printing of books).
32. Protective agencies.
33. Radio and television broadcasting.
34. Retail trade (except by or within departmental stores and supermarkets).
35. Rice milling.
36. Singlet manufacture.
37. Stevedoring and shorehandling.
38. Tire retreading.
39. Travel agencies.
40. Wholesale distribution of local manufactures and other locally produced goods.

*SCHEDULE 2—Enterprises in Which Nigerians Must Have at Least 60 Percent Interest*

1. Banking—commercial, merchant, and development.
2. Basic iron and steel manufacture.
3. Beer brewing.
4. Boat building.
5. Bottling of soft drinks.
6. Business services (other than machinery and equipment rental and leasing) such as business management and consulting services; fashion designing.
7. Clearing and forwarding agencies.
8. Canning and preserving of fruits and vegetables.
9. Coastal and inland waterways shipping.
10. Construction industry.
11. Department stores and supermarkets having annual turnover of not less than 2,000,000.
12. Distribution agencies for machines and technical equipment.
13. Distribution and servicing of motor vehicles, tractors and spare parts thereof or similar objects.
14. Fish and shrimp trawling and processing.
15. Fertilizer production.
16. Grain mill products except rice milling.

17. Industrial cleaning.
18. Insecticides, pesticides and fungicides.
19. Internal air transport (scheduled and charter services).
20. Insurance—all classes.
21. Lighterage.
22. Manufacture of bicycles.
23. Manufacture of biscuits and similar dry bakery products.
24. Manufacture of cement.
25. Manufacture of cosmetics and perfume.
26. Manufacture of cocoa, chocolate and sugar confectionery.
27. Manufacture of dairy products, butter, cheese, milk and other milk products.
28. Manufacture of food products like yeast, starch, baking powder, coffee roasting; processing of tea leaves into black tea.
29. Manufacture of furniture and interior decoration. Manufacture of metal fixtures for household, office and public buildings.
30. Manufacture of leather footwear.
31. Manufacture of matches.
32. Manufacture of metal containers.
33. Manufacture of paints, varnishes, or similar articles.
34. Manufacture of plastic products such as dinnerware, tableware, kitchenware, mats, machinery parts, bottles, tubes and cabinets.
35. Manufacture of rubber products, rubber footwear, industrial and mechanical rubber specialties such as gloves, mats, sponges and foam.
36. Manufacture of tires and tubes for bicycles and motorcycles; of tires and tubes for motor vehicles.
37. Manufacture of soap and detergents.
38. Manufacture of wire, nails, washers, bolts, nuts, rivets, and other similar articles.
39. Other manufacturing industries such as non-rubber and non-plastic toys, pens, pencils, umbrellas, canes, buttons, brooms and brushes, lampshades, tobacco pipes and cigarette holders.
40. Mining and quarrying.



41. Oil milling, cotton ginning and crushing industries.
42. Paper conversion industries.
43. Plantation sugar and processing.
44. Plantation agriculture for tree crops, grains and other cash crops.
45. Printing of books.
46. Production of sawn timber, plywood, veneers and other wood conversion industries.
47. Petrochemical feedstock industries.
48. Publishing of books and periodicals.
49. Pulp and paper mills.
50. Restaurants, cafes and other eating and drinking places.
51. Salt refining and packaging.
52. Screen printing on cloth, dyeing.
53. Inland and coastal shipping.
54. Slaughtering, storage associated with industrial processing and distribution of meat.
55. Tanneries and leather finishing.
56. Wholesale distribution of imported goods.
57. Photographic studies, including commercial and aerial photography.

*SCHEDULE 3—Enterprises In Which Nigerians Must Have 40 Percent Interest*

1. Integrated agricultural production and processing.
2. Distilling, rectifying and blending of spirits such as ethyl alcohol, whisky, brandy, gin and the like.
3. Manufacture of basic industrial chemicals (organic and inorganic) except fertilizers.
4. Manufacture of synthetic resins, plastic materials and man-made fibers except glass.
5. Manufacture of drugs and medicines.
6. Manufacture of pottery, china, and earthenware.
7. Manufacture of glass and glass products.
8. Manufacture of burnt bricks and structural clay products.
10. Manufacture of primary non-ferrous metal products such as ingots, bars and billets, sheets, strips, rods, tubes, pipes, and wire rods; castings and extrusions.
11. Manufacture of (fabricated metal) cutlery, hand tools and general hardware.
12. Manufacture of structural metal products, bridges, components tanks, metal doors and screens, window frames.
13. Manufacture of miscellaneous fabricated metal products, except machinery and equipment, such as safes and vaults; steel springs, furnaces; stoves, and the like.
14. Manufacture of engines and turbines.
15. Manufacture of agricultural machinery and equipment.
16. Manufacture of special industrial machinery and equipment, such as textile and food machinery, paper industry machinery, oil refining machinery and equipment.
17. Manufacture of metal and wood working machinery.
18. Manufacture of office, computing and accounting machinery.
19. Tobacco manufacture.
20. Manufacture of other machinery and equipment except electrical equipment, pumps, air and gas compressors; blowers, air-conditioning and ventilating machinery; refrigerators.
21. Manufacture of electrical appliances and houseware.
22. Manufacture of electrical industrial machinery and apparatus.
23. Manufacture of radio, television and communication equipment and apparatus.
24. Manufacture of electrical apparatus and supplies not elsewhere classified, such as insulated wires and cables, batteries, electric lamps and tubes, fixtures and lamp switches, sockets, switches, insulators, and the like.
25. Ship building and repairing (excluding boat building).
26. Manufacture of railway equipment.
27. Manufacture of motor vehicles and motorcycles.
28. Manufacture of aircraft.
29. Manufacture of professional and scientific and measuring and controlling equipment, such as laboratory and scientific instruments, surgical, medical and dental equipment, instruments and supplies and orthopaedic and prosthetic appliances.
30. Manufacture of photographic and optical goods.
31. Manufacture of watches and clocks.
32. Ocean transport/shipping.
33. Oil servicing companies.
34. Storage and warehousing—the operation of storage facilities and warehouses (including bonded and refrigerated warehouses) for hire by the general public.
35. Textile manufacturing industries.
36. Hotels, rooming houses, camps and lodging places.
37. Data processing and tabulating services (on a fee or contract basis).
38. Production of cinema and television films (or motion picture production).
39. Machinery and equipment rental and leasing.
40. All other enterprises not included in Schedule I or II not being public sector enterprises.

***Process of Incorporation***

The first step in the process of establishing a new business in Nigeria is to obtain permission from the Ministry of Internal Affairs. Form T1, obtainable from the Ministry's Business Division, Alagbon Close, Ikoyi, Lagos, is a combined application for permission to establish a business and to employ expatriates in Nigeria. The latter is the "expatriate quota" without which a foreigner may not be employed. If approval is given it will be granted for both at the same time, usually within 3 months. Expatriate quotas usually entail a negotiating process as the Government is committed to involving the Nigerian population in the economy as soon and as much as possible. Thus, the Government tends to limit the number of expatriates employed. Quotas are normally granted for a period of 3 years and may be extended upon request. If necessary, due to future expansion of the business, an increase in the size of a company's quota will be considered. Once permission to establish a presence in Nigeria has been given, incorporation and registration of the new company must be undertaken. There are five major procedures in company incorporation: Drafting the memorandum and articles of association; payment of stamp duties; payment of filing and registration fees; statutory declaration of compliance; and processing the application at the companies registry.

The memorandum sets out the objectives of the company and the articles prescribe the rules or the constitution governing the activities of the

company. Payment of stamp duties takes approximately 2 days. The current rate is ₦15 per ₦2,000 of share capital. Following this, payment of filing and registration fees must be paid. Four different forms together with a copy of the memorandum and articles are deposited with the Register of Companies. A fee of ₦1 is payable for each form while the registration fee varies according to the share capital of the company up to a maximum of ₦108.

Statutory declaration of compliance refers to the process of a sworn declaration by a Soliticor of the Supreme Court of Nigeria that the company seeking to be incorporated has complied with all the requirements of the Companies Decree of 1968. This is the only phase in which a lawyer is essential. When these documents are completed, they are taken to the Company Registrar, Oil Mill Street, Lagos, where the application is processed. This is the most difficult and time consuming aspect of the whole process of incorporation. Barring any unforeseen circumstances, the Certificate of Incorporation could be obtained within 2–3 weeks. After being issued a certificate of incorporation, construction companies must then apply for classification through the Federal Ministry of Works. Business executives should be warned that each step of the process of incorporation must be followed up in order to assure timely processing of documentation.

### *Exchange Control*

Profit repatriation for an incorporated company is a three step process. First the firm must apply for "approved status" from the Ministry of Finance. Although not a guarantee of foreign exchange availability, "approved status" grants permission to the concern to apply for repatriation of earnings and capital and carries with it the implication that the Ministry will give sympathetic consideration to such applications. In the application seeking "approved status" it is necessary to describe fully the proposed project, its initial and future objectives, and the proposed capital structure of the company, with distinctions between loans, debentures, and preferred and ordinary shares. Benefits to the Nigerian economy such as increased exports or decreased imports, creation of new industry or introduction of new technology, or increased employment should be included. Authorities will also consider the ratio of share capital to loan capital to current account balances and bank borrowings of the proposed Nigerian company, in granting "approved status".



Secondly, the firm must apply for a tax clearance certificate issued by the Federal Board of Inland Revenue of the Ministry of Finance. The certificate indicates taxes paid for the year of assessment immediately preceding the period of application for profit repatriation. Finally, the Ministry of Finance must provide final approval. The waiting period for tax clearance certificates can range from one to six months and in some cases has been longer.

The Nigerian Government restricts corporate annual dividend declarations to 40 percent of paid-up share capital. Dividends, however, are subject to the corporate tax of 50 percent thereby limiting the effective annual dividend repatriation rate to 20 percent of invested capital. Assuming "approved status" has been granted, all initial foreign capital investment can be repatriated. Retained earnings can be capitalized once permission is granted. However, in most cases the Ministry of Finance has been reluctant to permit the additional capital to be used for additional share issuance and, as such, it cannot be used to increase the base on which dividends may be declared and repatriated.

Royalties are not subject to time or percentage limitations yet require Ministry of Finance approval which to date has been difficult to obtain. As is the case with dividends, royalties are subject to Nigerian corporate taxes.

Since April 1977 management and technical service fees have been limited to 3 percent of gross profit. Contracts must be negotiated with and approved by the Ministry of Finance. The usual maximum term for management-technical services contracts has been 5 years. All other service contracts (including construction) must specify the percentage of the total fee that will be used to cover foreign expenditures. This has been limited to a maximum of 50 percent of the contract since April 1977. Again, Ministry of Finance approval is needed. It should be noted that it is illegal for a foreign-Nigerian joint venture to subcontract jobs to the foreign partner's parent company.

Foreign residents are permitted to remit up to 50 percent of their net income from employment after taxes. When leaving, Nigeria, employees can remit their savings on application to the Central Bank. All loans, including principal and interest payments must have "approved status" prior to repatriation. To date there have been no problems in repatriation.

### *Residence Permit*

Any foreigner entering the country for purposes of employment requires a residence permit which may take some time to obtain. Inquiries about expatriate quotas, residence and work permits should be addressed to the Nigerian Embassy or its consulates or Chief Federal Immigration Officer, 23 Marina, PMB 12532, Lagos. All activities in which expatriates are employed will be subject to periodic review to ensure that technical and managerial positions are being filled by Nigerians.

### *Business Organization*

Aside from government-owned concerns and statutory corporations, the principal forms of business organization in Nigeria are companies, partnerships, and sole proprietorships. In a partnership there may be no more than 20 partners, although they may be of any nationality and may be a corporate body. In general, the partners are jointly liable for the debts and obligations of the firm. In addition, each partner is personally liable to the extent that debts of the partnership have not been discharged from the firm's assets. Companies may be unlimited, limited by guarantee, or limited by share, with the last named and most commonly adopted by foreign investors in Nigeria. The liability of each member of a limited by shares company is limited to the amount, if any, unpaid on the shares held by that member. Once a member has paid for those shares, there is no further liability. There is no maximum or minimum amount of share capital, and shares may be pegged at any value.

Alimited liability company may be incorporated either as a public or as a private company, although in practice there is little difference between the two. Public companies are normally formed to enable the investing public to share in the profits of an enterprise without taking any part in the managemant. Such companies usually have no limitation on the number of members (but must have a minimum of seven) and by their Articles of Association provide for transfer of shares and for subscription from the public. A public company is not necessarily quoted on the Lagos Stock Exchange. A private company must have at least two, but no more than 50 members. It may restrict the right to transfer its shares and prohibit any invitation to the public to subscribe for its shares or debentures.

### *Incentives*

The FMG has exclusive powers over company taxation and tariffs and offers encouragement to industrial development.

The Industrial Development (Income Tax Relief) Decree 1971 provides for income tax exemption to new limited liability Nigerian registered "approved status" companies engaged in "pioneer industries".

Thirty-eight industries have been declared "pioneer".

1. Cultivation and processing of food-crops, vegetables and fruits.
2. Manufacture of cocoa products.
3. Processing of oilseeds.
4. Integrated dairy prodiction.
5. Cattle and other livestock ranching.
6. Bone crushing.
7. Fishing
   (a) Deepsea trawling and processing
   (b) Coastal fishing and shrimping
   (c) Inland lake fishing and shrimping
8. Manufacture of salt
9. Mining of lead/zinc ores by underground mining methods
10. Manufacture of iron and steel from iron ore
11. Smelting and refining of nonferrous base metals and the manufacture of their alloys
12. Mining and processing of barytes and associated minerals
13. Manufacture of oil-well drilling materials containing a predominance of Nigerian raw meterial
14. Manufacture of cement
15. Manufacture of glass and glassware
16. Manufacture of lime from local limestone
17. Quarrying and processing of marble
18. Manufacture of ceramic products
19. Manufacture of basic and intermediate industrial chemicals from predominantly
20. Manufacture of pharmaceuticals
21. Manufacture of surgical dressings
22. Manufacture of starch from plantation crop
23. Manufacture of yeast, alcohol and related products
24. Manufacture of animal feedstuff

25. Manufacture of paper-pulp, paper and paperboard
26. Manufacture of articles of paper-pulp, paper and paperboard
27. Manufacture of leather
28. Manufacture of textile fabrics and manmade fibers
29. Manufacture of products made wholly or mainly of metal
30. Manufacture of machinery involving the local manufacture of a substantial proportion of components thereof
31. Manufacture of goods made wholly or partly of rubber
32. Manufacture of nets from local raw materials
33. The processing of local wheat-flour milling
34. Oil palm plantation and processing
35. Rubber plantation and processing
36. Gum Arabic plantation and processing
37. Integrated wood projects
38. Manufacture of fertilizers

Under the "approved user" scheme, indigenous companies may apply for customs relief on goods imported for local manufacture when their ability to compete is adversely effected.

The Customs (Drawback) Regulations of 1959, with amendments, provide that importers may claim repayment of import duty in full if materials imported were for use of local manufacture of exported goods.

In an added effort to encourage industrial development, the state and federal governments have established throughout the Federation a number of industrial estates which provide roads, power, water and supporting services and complementary activities to new companies.

Nigerian tax laws allow quick depreciation of capital assets with corresponding accumulation of liquid reserve—a feature intended as an additional incentive to industrial investment.

As additional incentives to the agriculture sector, the government announced the following incentives in 1978: A 10 percent investment credit; interest on agricultural loans is now tex free to the lender; indefinite tax loss carryforwards; integrated agriculture production and processing has been transferred from Schedule II to Schedule III to encourage foreign investment; and leased equipment is granted capital allowances for tax purposes. Existing incentives to the sector include: A 5-year tax holiday for investors in combined agricultural production and processing; abolition of import duties on tractors and other machinery and equipment used for agricultural production; removal of import duties on raw materials for manufacture of livestock feeds; liberal credit under the Agricultural Credit Scheme operated by commercial banks; supply of fertilizer to farmers in substantial quantities with a 75 percent subsidy; and subsidized tractor hiring nationwide.

## Taxes

There are three basic taxes in Nigeria: Income tax, capital gains tax, and the petroleum profits tax. A double taxation agreement is in effect between Nigeria and the United States. The tax agreement is controlled by the U.S.-United Kingdom Tax Treaty to which Nigeria acceded in 1959. However, in July 1978 the Nigerian Government gave official notice that it was withdrawing from the U.S.-U.K. Tax Treaty as of April 1979. Negotiations are underway to institute a bilateral tax treaty.

Nigerian tax regulations apply equally to domestic and foreign companies resident in Nigeria. Company income taxes are administered by the Federal Board of Inland Revenue according to law contained in the Income Tax Management Act of 1961, the Companies Income Tax Act of 1961 and numerous subsequent amending acts and decrees. Generally speaking, all gains of a revenue nature which accrue in, are derived from, are brought into, or are received in Nigeria are regarded as taxable income of companies established in Nigeria. The tax year ends March 31. The rate of company income tax as of April, 1978, is 50 percent on profits above ₦6,000, with no tax being paid on the first ₦6,000. However, as of April 1977, building and construction firms became subject to a business turnover tax of 2½ percent or the normal corporate income tax, whichever is higher. All expenses wholly, exclusively, necessarily and reasonably incurred in the production of profits are allowable as tax deductions under the corporate tax structure. These include, among others, interest, rent, repairs, bad debt and stock losses, and payment to retirement schemes. Among expenses not allowed as deductions are capital repayments or expenditures, income tax, reserves and depreciation. In lieu of depreciation, capital allowances are granted. The initial allowance for industrial buildings is 15 percent. Since the 10 percent annual allowance is also granted the first year, 25 percent of the value of



new industrial buildings may be written off the first year. The rates for palnt (which includes equipment, vehicles and furniture, etc.) are 20 percent initially and 12½ percent annually.

Interest, royalties and management fees (undefined, but including as a minimum technical and consultancy fees) are subject to a 40 percent withholding tax, deducted by the paying company (or the government). However, by virtue of the Double Tax Treaty between the United States and Nigeria, resident American firms are not subject to withholding tax on interest earned in Nigeria unless they control more than 50 percent of the Nigerian company making payment and are not subject to the withholding tax on royalty payments as long as they are not engaged in trade or business in Nigeria. Firms providing technical and consulting services should be prepared to have taxes withheld from their fees, although, as is often the case in Nigeria, the rate of taxation is subject to negotiation. It is not uncommon for firms providing consulting services to the government to be exempted from the withholding tax altogether. Payment by the government for such services is sometimes entirely in foreign currency, but more commonly payment is split between foreign and domestic currency. Dividends from profits on which Nigerian income tax has been paid are not subject to withholding tax.

Foreign employees are liable for Nigerian personal income tax on business profits, on salaries, wages or other employment compensations, and on dividends, interest, pensions, annuities, and rents. The only exception is for employees who work in Nigeria for less than 183 days in a year and who are liable for personal income tax in another country. Collection of personal income tax is under the jurisdiction of the states. The rates, which are uniform throughout the country and are eased by various exemptions and deductions, are as follows:

| | Income | Rate in Percent | Tax | Total Income | Total Tax |
|---|---|---|---|---|---|
| First | ₦2,000 | 10 | ₦200 | ₦2,000 | ₦200 |
| Next | 2,000 | 15 | 300 | 4,000 | 500 |
| Next | 2,000 | 20 | 400 | 6,000 | 900 |
| Next | 2,000 | 25 | 500 | 8,000 | 1,400 |
| Next | 2,000 | 30 | 600 | 10,000 | 2,000 |
| Next | 5,000 | 40 | 2,000 | 15,000 | 4,000 |
| Next | 5,000 | 45 | 2,250 | 20,000 | 6,000 |
| Next | 10,000 | 55 | 5,500 | 30,000 | 11,250 |

The rate for income in excess of ₦30,000 is 70 percent There is in effect a pay-as-you-earn scheme by which tax payments are routinely deducted from wages

There is a 20 percent tax on capital gains arising from disposal of assets. The tax affects all companies and all individuals resident within Nigeria. Various personal property including residence, automobile, and chattel disposed of for less than, ₦1,000 is exempted from capital gains tax. The basis for determining gain on depreciable assets generally is the difference between depreciated value and selling price. Capital losses may be offset against current income; they also may be carried forward and offset against future capital gains.

Nigerian petroleum taxes were modified in 1977 to provide additional incentives to the sector. Briefly, production companies tax rate is 65.75 percent until pre-production costs are fully amortized and 85 percent thereafter. An investment tax credit of 5 percent can be taken for onshore production and an investment tax credit of from 10 percent to 20 percent is permitted for offshore production dependent upon depth of drilling. Royalty taxes range from 20 percent for onshore drilling and from 18.5 percent to 16.6 percent for offshore drilling depending on water depth.

Inquiries on taxation may be directed to the Federal Board of Inland Revenues, Lagos.

## Guidance for U.S. Business Travelers

### *Entrance Requirements*

All individuals entering Nigeria must possess a valid passport and a Nigerian Government visa. To obtain a visa, visitors must submit to the Nigerian Embassy in Washington, D.C., or to the Consulates in San Francisco or New York, a properly completed Nigerian visa application in triplicate with a valid U.S. passport, three visa photographs, and an International Health Certificate showing current smallpox vaccination, cholera, and yellow fever inoculations. All applications should be submitted well in advance (at least 4 weeks) of departure for Nigeria. Visas are not issued upon arrival in Nigeria. Persons arriving without a valid Nigerian visa will be refused entry.

Visas issued overseas limit the traveler to a single entry into Nigeria. Once in Nigeria, travelers may apply for a multiple entry visa, usually permitting the visitor to six entries with a 6 month period. In order to procure a multiple entry visa the applicant should obtain a letter from the Nigerian Government Agency or private company with which work is associated stating that the person's services are needed by that agency. Armed with the letter and their

passport, applicants should proceed to the Director of Immigration, Alagbon House, Ikoyi, Lagos where they will be escorted to the relevant offices within the Ministry.

### *Living Conditions and Costs*

Although the climate is tropical throughout Nigeria, considerable variations exist between the south and the north. Temperatures range from 79°F to 90°F in the south to 65°F to 100°F in the North. High humidity prevails throughout the year in the south and in May-October in the north. There are two rainy seasons in the south, March-July and September-November, and one in the north, April-October. The north is dry and dusty during the remainder of the year.

A number of infectious diseases are prevalent in Nigeria. The foreign visitor should avoid unsanitary conditions, unboiled water and uncooked vegetables. Regular use of malaria suppressants is strongly recommended. Visitors should consult with their physician, visa agency, or their local health department about the current inoculations required and recommended prior to a visit to Nigeria.

Adequate medical facilities are available in most urban areas in Nigeria. Many common American household medicines are available locally, but any special medicines should be carried with the traveler.

There are several large hotels in the Lagos ares (Eko Holiday Inn, Federal Palace, Ikoyi, Bristol, Mainland, and Airport) and some comfortable hotels in major towns throughout Nigeria. It is advisable to confirm reservations well in advance, particularly for Lagos hotels, which generally require up to 6 weeks notice and payment in advance. Prices average around $60 per day for an air-conditioned single room with bath. Upon arrival, travelers may find themselves accommodated in double rooms costing $75 to $100 per day or a single room at the double room rate. In Lagos there is a good selection of airconditioned restaurants serving Arab, Indian, Chinese and European dishes. Meals are expensive—$50 to 60 per day. There are several night clubs, one or two of which include a cabaret and two casinos—one in the Federal Palace Hotel, and one at the Airport, all of which are expensive by U.S. standards.

Taxi service is available in Lagos and most other urban areas; however, it is frequently expensive and unreliable due to traffic. Fares should be negotiated in advance, particularly from the airport (from the airport at Ikeja to Victoria Island the fare could run up fo $16). Cars with drivers can be rented for $60 to $90 a day. U.S. business visitors to Nigeria should figure on more than $150 a day for expenses.

Lagos airport is often congested and the traveler can expect long delays entering and leaving the city. Domestic airline schedules are unreliable—flights may be cancelled on a moment's notice. Reservations made may not be honored as overbooking by the airline is common.

Business appontments generally have to be made by personal calls or sending notes by hand, as the telephone and postal systems are either unreliable or slow. Visitors should write to their contacts well before their departure from the United States (at least 2 weeks) informing them of the departure date, itinerary, and hotels to be used. The international telex works well and should be used if possible. Cable traffic is also generally reliable but should carry a Private Mail Bag (PMB) as well as a street address.

### *Marketing Tips*

All foreign business representatives face the same situations—endless negotiations, considerable prepayment for services anticipated and administrative delays—in dealing with Nigerian customers.

Americans however, stand a good chance for commercial success in Nigeria; common language, quality, durability and reputation of U.S. products are to their advantage. Many American firms have already tailored their presence in Nigeria to suit the market. They make the most of sales potential by appointing local agents or distributors, selling through established wholesalers and dealers, or direct investment.

Three proven steps have become evident in achieving profitable operations in this difficult market. First, build a company, product or service profile that can withstand scrutiny. Direct product of service literature (with ample pictures and indication of satisfied overseas customers) to key agent candidates, buyers, endusers or government tender authorities. Do your homework on the market before you sign or ship. Expeditious handling of correspondence is expected and greatly appreciated. Second, visit the market. Do not expect to arrive and sign invoices or contracts and leave the next day. Lagos especially is a difficult city in which to communicate; non-operating telephones, serious traffic jams ("go-slows") result in long delay and inability to meet tightly drawn schedules. While in Nigeria there are a few guidelines to follow.



Dress well and rather formally. Americans are often seen as not dressing to reflect their status. Casual dress in many cases connotes a casual attitude, especially to European-trained Nigerians. Note and use titles, especially the honorific titles of traditional leaders. Company representatives should be flexible in business dealings and be able to make decisions on contractual matters without lengthy referrals to their home offices. In Nigeria, business of any consequence is consummated face to face. No worthwhile transaction can be completed either impersonally or quickly. Follow-up visits are common. As a developing nation determined to upgrade its standing of living and committed to full integration of its peoples into the economic mainstream, Nigeria prefers those proposals which include measures to train its people and are in concert with its long range development goals.

Thirdly, start small; practice moderation at first. From the moment you hint at an interest in Nigeria you will be inundated with contacts, facilitators, promoters, consultants, etc. Complete the first sale, contract, or job well and let successive sales build your acceptance in Nigeria's market. American firms are urged to confirm current Nigerian requirements, procedures, terms, and credentials through their bank, export company, international commercial information facility or their nearest Department of Commerce District Office.

**Business Hours**—Business establishments are generally open from 7:30 a.m. to 4 p.m., Monday through Friday. Hours for Government offices are from 7:30 a.m. to 3:30 p.m., Monday through Friday.

**Holidays**—The official Nigerian holidays in 1979 are: January 1, New Year's Day; February 8, Id-El-Maulud*; October 1, National Day; October 30, Id-El-Kabir*; December 25, Christmas Day; December 26, Boxing Day.

The dates of several of the Christian and Moslem holidays in the foregoing list (those marked with an asterisk*) vary from year to year.

### *Embassy Assistance*

U.S. business visitors are encouraged to use the U.S. Foreign Service Posts in Nigeria and the Nigerian Embassy and Consulates in the United States for guidance on doing business in the Nigerian market. The United States Embassy in Nigeria is at 15 Ekeke Cresecent, Victoria Isalnd P.O. Box 554, Lagos, phone 657320. The U.S. Consulate is in Kaduna, 5 Ahmadu Bello Way, P.O. Box 170, Kaduna, phone 23373.

Nigeria is represented in the United States by an Embassy at 2201 M Street, N.W., Washington, D.C. 20037; (202-223-9300). Consulates are at 575 Lexington Avenue, New York, N.Y., 10022, (212-752-1670) and at 360 Post Street, San Francisco, Cal. 94108, (415-433-6500).

## Sources of Economic and Commercial Information

### *Nigerian Publications*

The publications should be available through the Embassy of Nigeria or directly from Lagos, Nigeria:

*Annual Abstract of Statistics, 1974*, Federal Office of Statistics, Lagos

*Commerce in Nigeria*, Lagos Chamber of Commerce and Industry, Lagos (Quarterly)

*Developments in the Nigerian Economy During the First Half of 1975*, Central Bank of Nigeria, Lagos

*Digest of Statistics*, Federal Office of Statistics, Lagos (Monthly)

*Economic Indicators*, Federal Office of Statistics, Lagos, (Monthly)

*Industrial Directory, 7th Edition, 1975*. Ministry of Industry, Lagos

*Nigeria Trade Journal*, Ministry of Information, Lagos, (Quarterly)

*Nigeria Trade Summary*, Federal Office of Statistics, Lagos, December 1976, (Quarterly)

*Nigeria Yearbook 1977-78* Times Press Ltd., Lagos, West Africa, Times Press Ltd., Lagos

*Nigerian Business Digest* (incorporation the Technical Review), Universal Publications, DTD., 115 Griffith Street, Ebute Metta, P.O. Box 1959, Lagos

*Official Gazette, 111 Ministry of Information, Lagos*

*Third National Development Plan 1975-80*, Ministry of Economic Development, the Central Planning Office, Lagos

*West Africa*, Times Press Ltd., Lagos (Weekly)

### *U.S. Government Publications*

These publications are available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402

*The Agricultural Economy of Nigeria*, Department of Agriculture Economic Research Service, ERS Foreign 329, March 1972

*AID Data Book*, Department of State, Agency for International Development (updated as necessary)

*Area Handbook for Nigeria*, 1972, Department of Defense, DA Pam 550-157.

*Background Notes–Nigeria*, Department of State, September 1977 (Biannual)

*Foreign Economic Trends and Their Implications for the U.S.* Department of Commerce, Bureau of International Commerce, FET 78-65 (Annual)

*General Imports/World Area by Commodity Groupings*, Department of Commerce, Bureau of Census, FT 155 (Annual and Monthly)

*Minerals Yearbook*, Department of Interior, Bureau of Mines, Vol. IV Area Reports, International (Annual)

*U.S. Foreign Trade Exports/World Area by Commodity Groupings*, Department of Commerce, Bureau of Census, FT 455 (Annual)

The following publications may be obtained from the National Technical Information Service, U.S. Department of Commerce, 5285 Port Royal Road, Springfield, Virginia 22161. the single copy price is indicated after the title and the DIB publication number.

*Overview of the Nigerian Rail System and Development Plans for 1975–80*, 75-05-017, $3.75

*Nigerian Road Construction Program*, 75-09-010, $4.25

*Nigeria's Radio-TV Development Program*, 76-03-046, $3.75

*Nigerian Development Projects in Fisheries*, 75-08-017, $3.75

*Nigerian Development Projects in Petroleum and Mining*, 76-03-044, $3.25

*Nigerian Development Projects in Industry*, 75-09-011, $4.25

*Nigerian Development Projects in Electrical Energy*, 76-03-045. $3.25

*Status Report on Nigerian Airport and Air Space Development*, 76-03-040, $3.25

*Guide to Foreign Investment in Nigeria*, 76-03-039, $3.25

*Status Report on Nigerian External Telecommunications Organizations*, 76-03-037, $3.25

*Nigerian Tender System*, 76-03-042, $3.25

*Market Potential for American Consumer Goods in Nigeria*, 76-02-004, $3.25

*Nigerian Corrupt Practices Decree of 1975*, 76-03-041, $3.25

*Market Research: Survey of Market Potential for Agricultural Equipment and Services in Nigeria*, 76-03-036, $3.25

*Postal and Telecommunications Sector*, 76-09-035, $3.25

*Water Supply Waste Disposal and Drainage System*, 76-09-036, $4.00

*Survey of Market Potential for Business Equipment*, 76-09-037, $3.50

*The Process of Company Incorporation in Nigeria*, 76-09-034. $4.00

*Tender System Updated*, 77-06-015, $4.00

*Fish and Fish Products*, 78-02-028, $3.50

*Market Research–Industrial Process Control Equipment in Nigeria*, 78-04-511, $10.00

*Cotton Industry, 1978;* 78-08-003, $4.00

*Commercial Reporting/Best Prospects*, 75-09-015, $4.00

The following publications may be obtained by contacting the Country Marketing Manager, Africa, Office of International Marketing, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or by telephoning 202-377-4927.

*Nigeria's Helath Care Industry, 1978*

*Textile Industry in Nigeria, 1978*

*Education Sector–Aims and Opportunities, 1978*

*Revision in Registration Requirements for Contractors, 1978*

*American Firms, Subsidiaries and Affiliates in Nigeria* (Company List)

*Oil and Gas Industry in Nigeria* (Company Lists)

*Assignment of Ministerial Responsibilities*

*A Survey of U.S. Business Opportunities-Nigeria, 1976*

*Attorneys' List-Lagos*, 1976

*Attorneys' List-Kaduns*, 1977

*Nigerian Enterprises Promotion Decree, 1977*

*Construction Briefing Book*



*Guidelines for Nigeria's National Housing Program*

**Other Publications**

*African Development*, African Buyer and Trader (Publications) Ltd. Wheatsheaf House, Carmelite Street, London EC4Y, England (Monthly)

*Africa Report*, African American Institute, 833 U.N. Plaza, New York, New York 10017, (bi-monthly)

*Doing Business with Nigeria–A Standard Bank Business Guide*, Standard and Chartered Banking Group Ltd., London, England, July 1973

*Export Shipping Manual and U.S. Export Weekly, International Trade Reporter*, Bureau of National Affairs, Washington, D.C.

*Exporters Encyclopedia*, Dun and Bradstreet, New York, New York (Annual)

*International Financial Statistics*, International Monetary Fund, Bureau of Statistics, Washington, D.C. (monthly)

Investment Laws of the World—Nigeria, Oceana Publications, Dobbs Ferry, New York

Nigeria—A Barclays International Economic Survey, Barclays Bank International, Ltd., London, England

Investing, Licensing and Trading Conditions Abroad—Nigeria, Business International Corp., 1977

The Oil-Exporting Developing Countries: Nigeria, International Trade Centre, UNCTAD/GATT

International
Marketing Information
Series

# Overseas Business Reports

**May 1979** **OBR 79-15**

# Marketing in Ivory Coast

**Supersedes ORB 76-50**

**Prepared by Philip Michelini**
**Office of Country Marketing**
**With the assistance of the**
**American Embassy, Abidjan**

U.S. Department of Commerce
Industry and Trade Administration

OBR

## Contents



## The Ivorian Market

Political stability, a liberal investment code and nonrestrictive payments policy, a progressive attitude toward private initiative and foreign investment, and an impressive record of growth have contributed to the creation of an attractive business climate in Ivory Coast. Endowed with a climate and soils favorable to tropical agricultural production and boasting one of the continent's richest economies, Ivory Coast has often been hailed as Black Africa's model "success story." It has repeatedly stressed its eagerness to obtain Western skills and capital for State and joint venture operations designed to promote national prosperity.

Many trade and investment opportunities for American suppliers and investors are provided in Ivory Coast's ambitious 1976-80 Five-Year Development Plan. The Plan reserves an important place for foreign and domestic private investment. Important construction projects include ports, highways, airports, mines, tourist facilities, agricultural and forestry projects, urban development, and industrial plants. While the relationship with France remains strong in Ivory Coast, the Government in recent years has demonstrated an increasing interest in diversifying sources of supply and investment. A growing number of American firms are exploring the Ivorian market. Already there are more than 300 U.S. firms selling there, and total U.S. investment passed the $160 million mark during 1978. A flourishing Ivorian economy, fueled by increasing revenues from sales of coffee, cocoa, timber and other agricultural products, should offer excellent sales opportunities throughout 1979.

***Table 1.—Public Sector Budgetary Expenditures for Five-Year Development Plan***

(in billions of 1975 CFAF)

| | Government | State enterprises | Total | Percent |
|---|---|---|---|---|
| Economic Activity | 196.6 | 203.7 | 400.3 | 39 2 |
| Agriculture | 75.4 | 140.7 | 216.1 | 21.2 |
| Livestock Breeding | 20.0 | 6.1 | 26.1 | 2 5 |
| Fisheries | 5.7 | 10.7 | 16.4 | 1 6 |
| Forests | 15 0 | 1.2 | 16.2 | 1.6 |
| Industry | 72.5 | 42 0 | 114.5 | 11.2 |
| Handicrafts | 3.0 | — | 3 0 | 0.3 |
| Commerce | 2.9 | 3.0 | 5 9 | 0 6 |
| Tourism | 2 1 | — | 2 1 | 0.2 |
| Development Infrastructure | 164.2 | 217 8 | 382.0 | 37 5 |
| Scientific Research | 5.5 | — | 5.5 | 0.5 |
| Energy | 9.3 | 140.7 | 150.0 | 14.7 |
| Transport & Telecommunications | 149.4 | 77.8 | 227.2 | 22.3 |
| Social & Cultural Development | 123 2 | 10 0 | 133.2 | 13 1 |
| Population | — | — | — | — |
| Health | 20.6 | — | 20 6 | 2.0 |
| National Solidarity | 2.6 | — | 2.6 | 0.3 |
| Housing & Welfare | 78.0 | 10.0 | 88.0 | 8.6 |
| Culture | 3.0 | — | 3 0 | 0 3 |
| Information | 19.0 | — | 19.0 | 1 9 |
| Human Development | 54.5 | — | 54.5 | 5 3 |
| Education | 48.3 | — | 48.3 | 4.7 |
| Employment | 2.2 | — | 2.2 | 0.2 |
| Ivorianization | 4 0 | — | 4.0 | 0.4 |
| Regional Development | 30.0 | — | 30 0 | 2.9 |
| Administration | 20.0 | — | 20.0 | 2.0 |
| TOTAL | 588 5 | 431.5 | 1,010.0 | 100.0 |

***Table 2.—Ivory Coast: Direction of Trade From Selected Countries of Origin, 1973–77***

(in percent of total)

| | 1973 | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|---|
| Total exports (millions of U.S. $) | 820.0 | 1,235.0 | 1,188 0 | 1,706.5 | 2,300 8 |
| France | 25.8 | 26.1 | 27 1 | 25.5 | 26 8 |
| Other franc area | 10.8 | 11.8 | 16.4 | 10 4 | 10.1 |
| EEC (except France) | 37.1 | 40 1 | 30.5 | 35.8 | 31.1 |
| United States | 11.1 | 7.1 | 10 2 | 10 5 | 12.0 |
| Japan | 23 | 1.0 | 1.6 | 2.6 | 3.0 |
| Other | 12 9 | 13.9 | 14.2 | 15.2 | 17.0 |
| Total imports (millions of U.S $) | 541 0 | 773.0 | 1,012.0 | 1,354.8 | 1,867 8 |
| France | 44.3 | 38 8 | 39 3 | 38.4 | 42.3 |
| Other franc area | 5.0 | 4.4 | 6 3 | 4 9 | 3.3 |
| EEC (except France) | 19.8 | 19 5 | 19.7 | 20.7 | 21.9 |
| United States | 8.9 | 6 8 | 7.1 | 7.4 | 7 9 |
| Japan | 2.8 | 3.5 | 4.0 | 5.1 | 5 8 |
| Other | 19.2 | 27.0 | 23.6 | 23 5 | 18.8 |

Source: Ministere de l'Economie et des Finances, Direction de la Statistique et des Etudes Economiques, *Bulletin Mensuel de Statistique*


**OVERSEAS BUSINESS REPORTS; $46 a year ($11.50 additional for foreign mailing); 80 cents a copy. Order from any of the Department of Commerce district offices or from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Single copies also available from the Publications Sales Branch, Room 1617, U.S. Department of Commerce, Washington, D.C.**




### *Foreign Trade Outlook*

Led by increased demand for American transport vehicles, construction and mining machinery, kraft paper, refrigeration and cooling machinery, chemicals and foodstuffs, U.S. exports to Ivory Coast should exceed $100 million in 1979. This year U.S. imports of Ivorian coffee, cocoa and other tropical products are expected to grow by nearly $100 million and approach $500 million. As is true for most African markets, an unfavorable bilateral trade imbalance presently exists for the United States.

Ivory Coast has consistently registered a healthy trade surplus in recent years. During the 4-year period 1974–77, positive trade balances of $223 million, $57 million, $351 million, and $433 million were recorded. Healthy trade surpluses are projected for both 1978 and 1979.

The principal obstacles to increasing U.S. sales are now the lack of independent agents and distributors (most are owned by or tied to European suppliers), the necessity of doing business in French (a point that should not be overlooked), and the need to overcome traditional trading patterns. Buyers in Ivory Coast respect the technical superiority and price competitiveness of American products but must be reassured that U.S. suppliers will meet delivery dates and that they will provide servicing and spare parts. Major trade opportunities for U.S. exporters over the next few years are expected to be in telecommunications equipment, energy systems, industrial refrigeration, food processing machinery, agribusiness enterprises, cereal products, agricultural and industrial chemicals, consumer goods, earthmoving equipment, business systems, building supplies and equipment, textile machinery, commercial aircraft, and motor passenger and transport vehicles.

U.S. Department of Commerce trade promotion events in Ivory Coast through September 1980 will include an Energy Systems Technical Trade Mission in June 1979, a Construction Firms and Equipment Trade Mission in October 1979 and an Industrial and Agricultural Chemicals Trade Mission in November 1979. U.S. firms interested in obtaining more information or participating should write or phone (202-377-4927) the Country Marketing Manager, African Area, Office of Country Marketing, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230.

### *Development Planning*

Ivory Coast's 1976–80 Development Plan was finally enacted in January 1977. While main-

***Table 3.—Key Economic Indicators, 1975–77***

| Indicator | | 1975 | 1976 | 1977 | Percent Change 1976–77 |
|---|---|---|---|---|---|
| GDP at current prices | U.S $ Million | 3,628 | 4,830 | 6,639 | 37.4 |
| GDP price deflator | 1973 = 100 | 135.5 | 160 3 | 204.4 | 27.5 |
| GDP real growth | percent | 7 0 | 12 5 | 7 8 | |
| GDP per capita | U.S. $ | 540 | 690 | 910 | 31.8 |
| Money supply | U.S $ Million | 782 2 | 1,130 9 | 1,613.5 | 42 7 |
| Foreign exchange | U.S. $ Million | 37.4 | 87.0 | 245.7 | 182 4 |
| Gross fixed capital formation | U S. $ Million | 809 | 1,044 | 1,718 | 64 5 |
| General operating budget | U S. $ Million | 551 | 668 | 862 | 29.0 |
| Capital development budget | U.S $ Million | 308 | 398 | 950 | 138.7 |
| Official external debt, disbursed | U S. $ Million | 935 | 1,225 | 1,870 | 53 0 |
| Debt service payments | U.S $ Million | 128.7 | 216.5 | 310 | 43 0 |
| Debt service ratio | Percent | 9 3 | 10.7 | 12 4 | |
| B/P on current account | U S. $ Million | −358 | −236 | −335 | 42.1 |
| B/P on capital account | U S $ Million | 192 | 318 | 565 | 77 8 |
| Exports f.o.b | U.S $ Million | 1,107.0 | 1,706 5 | 2,300.8 | 34.8 |
| Imports c.i.f | U.S $ Million | 1,049.6 | 1,354 8 | 1.867.8 | 37.9 |
| Trade Balance f o.b /c.i.f | U.S $ Million | 57.4 | 351 7 | 433.0 | 23.1 |
| Coffee production | thousands of tons | 196 | 270 | 308 | 13.9 |
| Cocoa production | thousands of tons | 242 | 227 | 233 | 2.5 |
| Oil palm production | thousands of tons | 967 | 974 | 905 | −7.1 |
| Sugar production | thousands of tons | 4 7 | 21.6 | 31.5 | 45.8 |
| Cotton production | thousands of tons | 60.9 | 66.0 | 76.4 | 15.8 |
| Pineapple production | thousands of tons | 240 | 268 | 286 | 6 9 |
| Bananas production | thousands of tons | 192 | 147 | 132 | −10.3 |
| Electricity production | gWh | 962 | 1,114 | 1,242 | 11.5 |
| Consumer price index, European | 1970 = 100 | 155 3 | 175.0 | 198 8 | 13.6 |
| Consumer price index, African | 1970 = 100 | 145.1 | 161 3 | 207 1 | 28.4 |

Source U.S. Embassy, Abidjan

taining traditional Ivory Coast economic policy goals of agricultural expansion and diversification, the 4500-page Plan also envisions massive new expenditures in the areas of public works, export-oriented industrialization, and social development. Seven broad objectives are specified: (1) Modernization of agriculture and rural life in general; (2) establishment of a diversified, export-oriented industrial sector; (3) acceleration of Ivorianization; (4) governmental reform; (5) accelerated development of the less-prosperous regions of the country; (6) reform of the educational system, and (7) evolution toward a synthesis of the varied cultural heritage of the Ivorian people. The Ivorians hope to maintain an 8.7 percent average of real economic growth over the Plan period, raising the gross domestic product (GDP) from 813 billion CFA francs ($3.8 billion) in 1975 to more than 1,100 billion francs ($5.1 billion) in 1980 (in constant 1975 francs). In 1976 and 1977, the GDP actually grew at a real growth rate of 12.5 percent and 7.8 percent, respectively, with 1978 and 1979 also expected to be very good years.

Ivory Coast envisioned total investment during the 5-year Plan period of 1,591 billion CFA francs (constant 1975 prices) to realize its development objectives-a figure likely to be far exceeded, based on investments through 1977. That would mean maintaining a rate of investment of about 31 percent of GDP over the Plan period. Of the projected investment totals, public investment (government and parastatal enterprises) were to account for 1,020 billion CFA francs, and private investment (private enterprises and households) were to provide the remaining 571 billion CFA francs.

Under the Plan, the Ivorians expected to borrow 579 billion CFA francs from external sources, resulting in a net inflow of 298 billion CFA francs after debt service payments of 281 billion CFA francs over the 5-year period. Based on their export projections, the Government expected to be able to hold its external debt service to exports ratio to no more than 13 percent through 1980. Due to a rapid increase in borrowing, the debt service ratio already stood at 12.4 percent in 1977. Since then the Government has cut back considerably on its borrowing from domestic and foreign sources. It now appears that the Ivory Coast probably will be able to avoid an untenable debt position in the years ahead.

***Table 4.—Ivory Coast: Planned and Realized Public Investment, 1971–80***

(In millions of CFA francs)

| | Planned investment for 1971–75[1] | Realized investment 1971–75: In 1970[2] prices | Realized investment 1971–75: In current prices | Planned investment for 1976–80[3] | Realized investment 1976 | Revised estimates of investment in 1977 | Planned investment under the Program-Law: 1978 | 1979 | 1980 |
|---|---|---|---|---|---|---|---|---|---|
| Agriculture and natural resources | 86,200 | 80,323 | 107,961 | 292,500 | 55,033 | 100,041 | 155,914 | 132,680 | 102,193 |
| Industry and mining | 17,000 | 7,942 | 11,723 | 117,500 | 3,214 | 8,141 | 8,028 | 17,838 | 22,143 |
| Energy | 33,000 | 40,900 | 53,798 | 149,300 | 22,915 | 38,521 | 51,564 | 55,400 | 31,727 |
| Transport and communication | 54,480 | 68,989 | 99,225 | 227,200 | 51,106 | 78,443 | 99,128 | 115,011 | 73,090 |
| Transport | 45,590 | 60,862 | 88,196 | 189,700 | 47,432 | 70,461 | 82,737 | 98,139 | 67,905 |
| Communication | 8,890 | 8,127 | 11,029 | 37,500 | 3,674 | 7,982 | 16,391 | 16,872 | 5,185 |
| Urban development and housing | 33,790 | 38,603 | 55,698 | 100,300 | 17,898 | 53,595 | 58,459 | 50,061 | 32,310 |
| Finance, commerce, and tourism | — | 9,917 | 12,933 | 8,000 | 3,655 | 13,883 | 7,916 | 3,297 | 895 |
| Social services | 38,070 | 29,340 | 41,839 | 99,700 | 17,208 | 42,569 | 64,833 | 64,225 | 52,442 |
| Education | 18,290 | 19,520 | 29,966 | 48,300 | 12,579 | 30,347 | 49,609 | 39,648 | 32,220 |
| Health | 9,390 | 3,673 | 4,193 | 20,600 | 3,437 | 7,427 | 12,271 | 13,821 | 9,509 |
| Other | 10,390 | 6,147 | 7,680 | 30,800 | 1,192 | 4,795 | 2,953 | 10,756 | 10,713 |
| Other services | 11,370 | 21,420 | 30,448 | 20,000 | 9,760 | 16,454 | 24,743 | 17,604 | 6,896 |
| General administration | 6,790 | 12,449 | 16,871 | 20,000 | 5,506 | 2,712 | 4,458 | 1,029 | 816 |
| Defense and security | 4,580 | 8,971 | 13,577 | — | 4,254 | 13,742 | 20,285 | 16,575 | 6,080 |
| Research | 3,090 | 1,742 | 2,213 | 5,500 | 1,185 | 3,243 | 2,173 | 1,837 | 1,500 |
| TOTAL | 277,000 | 299,176 | 415,838 | 1,020,000 | 181,974 | 354,890 | 472,758 | 457,953 | 323,196 |

Source: Ministere de l'Economie, des Finances et du Plan, *Loi programme des investissements publics.*

[1]In 1970 prices.
[2]Adjusted using the World Economic Outlook (WEO) import price deflator as most investment relates to imports. However, the WEO import price deflator, which is based on the composition of total exports of Ivory Coast's partner countries rather than that of their actual exports to Ivory Coast alone, understates Ivorian imports of manufactured goods, machinery, and equipment.
[3]In 1975 prices.



### *Agriculture*

Agriculture is the main economic activity in Ivory Coast. Together with forestry, animal husbandry, and fishing, it provides a livelihood for the bulk of the active population and has accounted for a quarter of GDP at current prices in recent years and for some three-quarters of total export earnings. Furthermore, agricultural commodities form the basis of the country's principal processing and manufacturing industries. Table 5 shows Ivory Coast's agricultural production for 1975 and projections for 1980 and 1985.

Agricultural policies are the responsibility of four ministries, represented at the regional level by directors. Implementation of agricultural policies is generally entrusted to autonomous or semiautonomous agencies, so-called Societes de Developpement, which are within the purview of the four ministries. These agencies are involved in the development of specific sectors and commodities, usually in association with the research institute concerned with that commodity. In addition, two regional public agencies have been set up to promote the overall economic development of certain parts of the country: the Bandama Valley Authority (AVB) and the Southwest Regional Development Authority (ARSO). In addition, a decree was issued in October 1977 that, among other things, divided the country into three main regions, with one large Societe de Developpement Rural (SDR) in charge of overall agricultural development in each region.

Leading public sector agricultural corporations (all with headquarters in Abidjan) include:

Caisse de Stabilisation et de Soutien des Prix des Produits Agricoles

Societe d'Assistance Technique pour la Modernisation Agricole de Cote d'Ivoire (SATMACI)

Societe pour le Developpement et l'Exploitation du Palmier a Huile (SODEPALM)

Compagnie Ivoirienne pour le Developpement des Textiles (CIDT)

Societe des Caoutchoucs de Cote d'Ivoire (SOCATCI)

Societe pour le Developpement des Fruits et Legumes (SODEFEL)

Societe pour le Developpement de la Motorisation de l'Agriculture (MOTORAGRI)

Since independence in 1960, agricultural policy has been geared mainly to alleviating the vulnerability of the Ivorian economy, which was based on three main export commodities (coffee, cocoa, and timber), through the introduction and expansion of new cash crops, the development of processing capabilities for the three traditional as well as other newer commodities, and the development of food crops to cater to domestic needs and reduce imports of foodstuffs. A key element of this policy has been the setting of producer prices at remunerative levels so as to encourage production and increase rural incomes. In addition, an efficient stabilization fund

***Table 5.—Agricultural Production for 1975 with Projections for 1980 and 1985***

| | 1975 Quantity[1] | 1975 Value[2] | 1980 Quantity[1] | 1980 Value[2] | 1985 Quantity[1] | 1985 Value[2] |
|---|---|---|---|---|---|---|
| **Industrial and Export Production** | | | | | | |
| Coffee (green) | 270,000 | 40,500 | 330,000 | 49,500 | 360,000 | 54,000 |
| Cocoa (beans) | 230,000 | 40,250 | 335,000 | 58,625 | 480,000 | 84,000 |
| Oil palm (kernels) | 959,000 | 7,205 | 1,262,000 | 9,605 | 1,700,000 | 13,180 |
| Coprah | 18,000 | 900 | 61,000 | 3,050 | 145,000 | 7,250 |
| Rubber (latex) | 17,000 | 1,820 | 21,000 | 2,250 | 47,000 | 5,030 |
| Fresh pineapple (exports) | 70,000 | 2,625 | 150,000 | 5,250 | 230,000 | 8,050 |
| Canned pineapple | 155,000 | 1,200 | 215,000 | 1,720 | 270,000 | 2,160 |
| Banana (exports | 160,000 | 3,200 | 200,000 | 4,000 | 220,000 | 4,600 |
| Sugar Cane | 115,000 | 290 | 1,500,000 | 3,750 | 5,500,000 | 13,750 |
| Cotton (unginned) | 65,000 | 4,485 | 105,000 | 7,245 | 195,000 | 13,455 |
| Soybeans | — | — | 10,000 | 650 | 100,000 | 6,500 |
| **Production for Domestic Consumption** | | | | | | |
| Rice (paddy) | 450,000 | 29,250 | 800,000 | 52,925 | 1,030,000 | 66,950 |
| Corn | 255,000 | 6,630 | 360,000 | 9,360 | 560,000 | 14,560 |
| Other cereals | 47,000 | 2,350 | 51,000 | 2,550 | 56,000 | 2,800 |
| Yams | 1,880,000 | 37,600 | 2,170,000 | 43,400 | 2,550,000 | 51,000 |
| Manioc | 650,000 | 11,700 | 750,000 | 13,530 | 890,000 | 16,020 |
| Plantain | 780,000 | 7,800 | 900,000 | 9,000 | 1,060,000 | 10,600 |
| Vegetables | 26,000 | 780 | 69,000 | 2,340 | 159,000 | 6,000 |

[1]in metric tons
[2]in millions CFAF

has for many years shielded producers from fluctuations in world commodity prices.

During the decade of the Eighties, if present forecasts are realized, Ivory Coast will be the world's principal cocoa producer, the second or third largest producer of coffee, and the second or third principal producer of palm oil. In addition, Ivory Coast will be processing domestically about 50 percent of its cocoa production, or at least 200,000 metric tons annually, and will be a major supplier of fruits and vegetables. Under the Loi-Programme covering 1979 agricultural investment, 140 billion CFA francs ($600 million) are to be spent for development purposes. This compares with 105 billion francs for the 5-year period 1970-74. The sugar industry is to receive the bulk of public funding: 85 billion francs. Other agricultural sectors slated to receive allocations include: Palm oil (3.5 billion francs), coconut (1.7 billion francs) rubber (6.9 billion francs), coffee (12.6 billion francs), and cocoa (27.1 billion CFA francs). In addition, sizable investments are expected to expand Ivory Coast's cotton production. Among these various sectors , there are several opportunities for U.S. capital investment, American construction companies, management consultants, and U.S. suppliers of machinery and equipment. The construction of sugar mills alone is expected to call for millions of dollars in machinery purchases.

The United States is a well-established supplier of agricultural machinery to Ivory Coast. Several American companies have strong representation there. The continuing expansion of Ivorian agriculture—in traditional crops as well as in sugar, cotton, corn, rice, soybeans and tropical produce—will increase sales opportunities in 1979 and beyond for capital equipment. To date U.S. exports have been mainly heavy duty tractors and harvesting equipment. There is only limited local production of simple agricultural tools. American companies should be able to compete effectively in the market for machinery with high technological complexity.

Within the food processing and packaging equipment field, the United States enjoys a 15 percent share overall and a 30 percent share of the market for commercial refrigeration equipment. Projects underway or envisaged that will require food processing equipment include fisheries, sugar refining, cocoa and coffee processing. Machinery for processing agricultural products and tropical fruits and commercial refrigeration equipment will continue to have major sales opportunities in Ivory Coast.

***Table 6.—Major U.S. Exports to Ivory Coast, 1974–77***

(in U.S. dollars)

| Commodity | 1974 | 1975 | 1976 | 1977 |
|---|---|---|---|---|
| Rice, milled | 484,902 | 629,805 | 1,244,020 | 11,862,427 |
| Cereals, unmilled | 23,114 | — | — | 461,864 |
| Tobacco, unmanufactured | 661,576 | 19,976 | 224,492 | 267,917 |
| Cigarettes | 112,221 | 167,344 | 374,734 | 619,851 |
| Waste materials from textile fab | 4,261,115 | 5,208,439 | 2,323,985 | 823,541 |
| Lubricating oils & greases | 624,305 | 252,535 | 606,540 | 542,249 |
| Organic chemicals | 786,939 | 1,188,192 | 1,358,330 | 2,043,273 |
| Fertilizers | 90,920 | 376,277 | 989,552 | 1,170,903 |
| Insecticides, fungicides | — | 838,834 | 633,084 | 455,782 |
| Artificial waxes, prep. additives | 313,831 | 285,486 | 748,541 | 613,277 |
| Rubber tires & tubes | 66,586 | 177,262 | 363,330 | 414,723 |
| Kraft paper & paperboard | 6,787,588 | 5,276,090 | 4,373,962 | 4,003,475 |
| Iron & steel tubes & pipes | 1,475,692 | 261,343 | 166,452 | 301,092 |
| Aluminum & aluminum alloys | 113,186 | 109,592 | 1,156,341 | 284,101 |
| Finished struc. parts and structures | 550,349 | 142,953 | 435,655 | 302,347 |
| Power generating machinery | 596,665 | 452,905 | 1,167,567 | 3,691,894 |
| Tractors, except road & industrial | 3,067,670 | 6,695,117 | 7,846,117 | 12,109,788 |
| Agri. mach. & appr. nec & pts. | — | 122,206 | 139,051 | 906,029 |
| Office machines & pts. | 131,140 | 126,069 | 134,831 | 442,959 |
| Textile machinery | 333,160 | 1,007,892 | 353,065 | 868,048 |
| Food processing machinery | 1,221,035 | 392,421 | 787,968 | 1,858,689 |
| Construction & mining machinery | 3,473,369 | 10,414,947 | 10,619,628 | 10,079,987 |
| Heating & cooling machinery | 2,623,872 | 3,126,583 | 3,339,455 | 4,633,462 |
| Pumps, centrifuges | 262,586 | 569,716 | 1,053,992 | 1,281,065 |
| Mechanical handling mach. and parts | 3,692,314 | 1,909,760 | 3,085,398 | 3,442,531 |
| Machinery & mechanical appl. | 950,237 | 366,905 | 250,557 | 509,603 |
| Parts & acces. for machinery | — | 182,823 | 159,007 | 517,747 |
| Electric power machinery | 165,329 | 784,856 | 950,325 | 2,444,686 |
| Telecommunications equipment | 244,352 | 712,861 | 322,052 | 1,891,544 |
| Electric household equip. and appl. | 81,411 | 165,474 | 273,733 | 215,159 |
| Batteries and parts | 272,366 | 346,805 | 302,025 | 827,568 |
| Passenger cars and trucks | 1,605,097 | 2,770,361 | 4,649,707 | 2,726,297 |
| Motor vehicle & trac. pts. | 904,099 | 606,321 | 1,801,030 | 3,913,509 |
| Aircraft-heavier than air | 5,233,764 | 23,623,488 | 196,147 | 3,069,088 |
| Aircraft, pts. & acces. | 438,422 | 590,549 | 429,023 | 378,320 |
| Ships and boats, (civilian) | 40,837 | 266,054 | 3,327,620 | 442,905 |
| Measuring, control inst. | 134,248 | 212,694 | 533,481 | 326,664 |
| Phonograph records & other sound media | 144,283 | 121,419 | 178,773 | 123,506 |
| Other | 7,057,250 | 7,707,986 | 6,525,684 | 7,023,445 |
| TOTAL | 49,025,830 | 78,300,230 | 63,425,354 | 88,091,315 |

Source: U.S. Department of Commerce

## *Fisheries and Livestock*

Fish is an important source of protein in the Ivorian diet, supplying about three-fourths of all animal protein consumed. Fish consumption has increased from 95,000 tons in 1970 to approximately 210,000 tons in 1978. The local catch at present supplies about 30% of needs. Consumption requirements officially are projected to reach 350,000 tons by 1985, of which imports are to supply 125,000 tons. In reality import needs are likely to exceed that total, or else consumption will be artificially restrained due to high prices.

Industrial fishing has had mixed success over the past decade, with production being unable to break out of the 40–60,000–ton annual range. The Ivorian fleet at the end of 1976 consisted of 23 companies, of which 20 had only one or two vessels, comprising 51 boats, including 21 sardine seiners, 19 deep-sea trawlers, 6 tuna seiners and 6 shrimpers. Meanwhile in 1976 about



240 foreign fishing boats visited the port of Abidjan.

The competitiveness of the Ivorian fisheries industry will depend upon the conpanies' ability to purchase vessels capable of traveling the long distances to the major fishing grounds and refrigerating their catch during the return voyage, as well as the companies' ability to process the catch for sale. In addition, the Government of Ivory Coast will have to negotiate reciprocal fishing rights with other African nations—agreements that could necessitate payment of substantial fees since Ivory Coast's own coastline is relatively poor in fish resources. So far only one accord has been reached—with Senegal in January 1977. At last report several other bilateral agreements were being discussed.

The Ivorian five-year plan calls for investments in the fishing industry of 17.6 billion CFAF—16.4 billion CFAF from public sources and 1.2 billion private (Table 7). Eighty percent

***Table 7.—Investment in the Fishing Sector 1976–80***

(CFAF millions)

| | State | State Enterprises | Private | Total |
|---|---|---|---|---|
| Industrial Fishing | 3,000 | 9,910 | 1,190 | 14,100 |
| Creation of a modern, deep-water fleet | 1,280 | 6,800 | 420 | 8,500 |
| Tuna fleet expansion | 450 | 2,100 | 450 | 3,000 |
| Coastal fleet expansion | 50 | 350 | 100 | 500 |
| Abidjan fish port development | 400 | | | 400 |
| San Pedro fish port development | 600 | | | 600 |
| Port refrigeration facilities | 220 | 660 | 220 | 1,100 |
| Coastal Village Fishing | 330 | 800 | | 1,130 |
| Lagoon Village Fishing | 225 | | | 225 |
| Coastal and Lagoon Fishing Research & Development | 125 | | | 125 |
| River and Lake Fishing | 1,050 | | | 1,050 |
| Fish Breeding | 1,000 | | | 1,000 |
| TOTAL | 5,730 | 10,710 | 1,190 | 17,630 |

of the total, 14.1 billion CFAF, will be spent expanding Ivory Coast's deep-water fleet and port processing facilities.

Meat consumption in Ivory Coast is increasing rapidly, paralleling the rise in per capita income. Consumption is projected to rise from 10.4 kg. per year per person in 1975 to 27.3 kg in 1990. To date tropical diseases (notably trypanosomiasis), together with the lack of experience of most Ivorians with livestock breeding, have kept domestic production quite low. In the past, Ivory Coast imported much of its meat from the Sahel. Now with world meat prices escalating and Sahelian production still suffering from the effects of the drought, Ivory Coast must become more self-sufficient in meat production over the long run (Table 8).

The projected total investment in the livestock sector for the 1976–80 Plan period is 38.2 billion francs, more than half of which will be allocated to development of large-scale, industrialized production. A major effort is being made to expand cattle, sheep, and goat raising by: (1) Developing more productive, disease-resistant cross-breeds and expanding herds, with imports of female breeding animals playing a large role (2) expanding industrial-scale production, making use of both agro-industrial products (molasses, cottonseed cake and oil, palm oil, and soybean cake and oil), and improved pasturage for feeding purposes; and (3) encouraging improved methods among traditional producers. Nevertheless, through 1985 the Government of Ivory Coast expects to import more than half of the country's requirements of beef, lamb and goat meat. Ivory Coast already produces 98 percent of its own pork.

Plans are under way to expand substantially both consumption and production of poultry over the next decade. Special emphasis is being placed on expanding and modernizing productive capacity, including henhouses and incubators (most chicks are currently imported from Eur-

***Table 8.–Livestock Breeding***

(thousands of metric tons)

| | 1975 Consumption | 1975 Production | 1975 Percent | 1980 Consumption | 1980 Production | 1980 Percent | 1985 Consumption | 1985 Production | 1985 Percent | 1990 Consumption | 1990 Production | 1990 Percent |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Beef | 30 | 6 9 | 23 | 50 | 13.5 | 27 | 60 | 27 | 45 | 83 | 58 | 70 |
| Sheep/Goats | 13 5 | 5 5 | 40 | 20 | 9 | 45 | 40 | 19 | 47 | 75 | 60 | 80 |
| Pork | 5.1 | 5 | 98 | 10 | 10 | 100 | 20 | 20 | 200 | 35 | 35 | 100 |
| Poultry/Eggs | 20.7 | 18.2 | 88 | 40 | 38 | 95 | 75 | 75 | 100 | 170 | 170 | 100 |
| Milk (fresh equivalent) | 79 | 3.5 | 5 | 100 | 9 | 9 | 125 | 30 | 24 | 155 | 115 | 75 |
| Other (game, etc.) | 16 | 16 | 100 | 14 | 14 | 100 | 12 | 12 | 100 | 10 | 10 | 100 |
| TOTAL | 164.3 | 55.1 | 34 | 234 | 93.5 | 40 | 332 | 183 | 55 | 528 | 448 | 85 |

ope), feed-grain production, and slaughter and processing facilities.

### *Forestry*

Traditionally, timber has been one of Ivory Coast's richest natural resources. For many years the nation has been Africa's largest exporter of wood; however, this resource is being depleted very rapidly. Forest reserves have been reduced by approximately 50 percent in 20 years; at the current rate of production, the 19 most desirable species will be exhausted by 1988. Whether the 80 other species of lumber, which have been largely unaffected, will be commercially exploitable remains to be determined.

The 5-year Plan outlines an integrated, long-term program for assuring the preservation of Ivory Coast's forest reserves. Overall the Plan envisions an investment of 16.2 billion CFA francs in the forestry sector during 1976-80 to be borne entirely by the government and state enterprises, with no private participation. Of this amount, 11.8 billion CFA francs are to be spent on a reforestation program, with the remaining 4.4 billion CFA francs devoted to the essentially administrative tasks of surveying forests and protecting them against illegal destruction, encouraging improved harvesting and marketing efforts. The International Bank for Reconstruction and Development (IBRD) has indicated an interest in a $40 million project likely to begin in 1979, involving the creation of 20,000 hectares of industrial wood plantations.

In 1977, total exports of wood brought in 87 billion CFA francs, 11 percent more than the 1976 figure.

There are approximately 75 companies involved in the wood industry in one form or another. Of these there are 12 major companies that were responsible in 1974 for 68 percent of all sawn lumber, 100 percent of all plywood production and 100 percent of particle board. The remaining companies are generally logging operations and are almost exclusively European-owned and operate by negotiating with Ivorians who hold the rights to exploit timber within delineated sections. They primarily export logs to Europe. As such they have limited equipment needs, consisting of a few felling saws and a bulldozer. Transport is hired, and logs are exported as they are cut.

The 12 wood processing operations account for approximately 13 percent of Ivory Coast's industrial exports and provide about a quarter of all employment in modern industry. These firms offer the best sales opportunities to American suppliers, even though all have strong ties with European manufacturers. The most important companies include: Compagnie des Scieries Africaines (S.C.A.F.), the Societe Industrielle Ivorienne des Bois (S.I.B.O.I.S.), Compagnie Industrielle du Bois (C.I.B.), the Groupe Lalanne, Societe d'Exploration des Produits de la Cote d'Ivoire (S.E.P.C.), Ateliers de Kahankro, Scieries du Bandama and Societe Industrielle et Forestiere de Cote d'Ivoire.

Based on existing sources of supply, competition for U.S. suppliers of wood-processing equipment can be expected from Angelo-Cremona of Italy, Muller of Switzerland, Brenta-Antwerp and Dankert of Belgium, Torvedge and Hildebrand of West Germany, and Valette-Garrault and William Gillet of France. Useful trade association contact points include the Syndicat des Producteurs Forestiers de la Cote d'Ivoire (B.P. 318, Abidjan) and the Syndicat des Exportateurs et des Industriels en Bois (B.P. 1979, Abidjan). Addresses of the above firms and other timber companies in Ivory Coast can be obtained by contacting the African Area, Office of Country Marketing, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230.

The major industrial project in the Plan involving the timber sector is the approximately $400 million San Pedro pulp-paper mill. The Government of Ivory Coast plans to take 100 percent of the equity, with a new parastatal enterprise to be established to undertake the scheme. Financing arrangements have delayed project commencement. It had been hoped to begin engineering studies by year-end 1977, actual construction by year-end 1978, and production by 1980-82. If and when the project begins, it offers a good possibility for a turnkey contract as well as exports of U.S. machinery.

### *Mining*

The mining sector is of little importance to Ivory Coast. Its share of the gross domestic product (GDP) declined from 1 percent in 1960 to 0.3 percent in 1974. Manganese production, which amounted to 180,000 tons in 1965, was discontinued in 1970, and diamond production, which reached the record level of 334,000 carats in 1972, declined to 278,000 carats in 1974, 209,000 carats in 1975 and 60,100 carats in 1976. Ivory Coast's chief diamond producer, the Waston company, discontinued its operations in June of 1977.



Ivory Coast believes it has the potential to be an important mining country with regard to oil, iron, nickel and gold. While not yet producing crude petroleum, Ivorians are encouraged by the discovery made by the ESSO Shell PETROCI Consortium of a commercial petroleum offshore deposit 40 km southeast of Abidjan. Production is scheduled to begin in early 1980 at an annual level of 400,000 metric tons, or about 25 percent of the country's current import requirements—which amounted to $154 million in 1976. The deposit is expected to produce for 10 to 11 years.

Other petroleum companies also are carrying out exploration efforts. A permit has been granted for oil exploration in 19,000 square meters off the Ivorian coast to a consortium made up of four companies—one of which is European—AGIP (Italian Petroleum Enterprise), two are American—Phillips, which will supervises the work, and SEDCO; and one Ivorian—PETROCI, the national oil company. Test drilling began in September 1976. Traces of oil and natural gas have been found to date. In the oil processing industry a refinery at Abidjan (Societe Ivoirienne de Raffinage) refines imported crude for consumption in Ivory Coast. Capacity has been enlarged to about 2 million tons of crude per year. Production in 1975 totaled 1.49 million metric tons. In October 1975 PETROCI, took over the government interest in the petroleum sector. It has begun exploratory onshore drilling in the Jacqueville area west of Abidjan.

The principal industrial mining investment during the current Plan period involves exploitation of the Mount Klahoyo iron ore deposits. Investigations of the iron deposits carried out between 1966 and 1972 by Societe pour le Developpement Minier de la Cote d'Ivoire (SODEMI) and a U.S. company, Pickands Mather of Cleveland, indicated that the deposits, located west of the town of Bangolo near the Liberian border, contained ore reserves equivalent to 200 million metric tons of pellets. Drilling, followed by metallurgical testing, revealed that the crude ore contains 36 percent iron and very few impurities except for 37.4 percent silica. Reserves at Mount Klahoyo are now estimated at 350 million tons, enough for 30 years mining at 12 million tons of pellets a year. Spin-off projects from the mining operation and pelletizing plant were to include a slurry pipeline to the port of San Pedro and power supply through the construction of a dam at Soubre. However, at last report the original British, French, Dutch, Japanese and Ivorian consortium participants had decided to shelve the $2.25 billion project indefinitely due to the current depressed condition of the market for iron pellets. Inquiries concerning all aspects of the Mount Klahoyo development project can be addressed to : Mr. Augustin Douoguih, Office of the Financial Counselor, Ivory Coast Development Office, 521 Fifth Avenue, Suite 1604–06, New York, New York 10017, (212-661-9700).

For several years SODEMI (Ivory Coast Mining Development Company) has been investigating the possibility of exploiting known nickel deposits and gold-bearing placers. The contents of a nickel field in the region of Biankouma, north of Man, has been estimated at 5.6 million tons at 2 percent nickel content. A second nickel field has been discovered at Saabela. Falconbridge of Canada has expressed interest in the Biankouma deposit.

SODEMI's 1977 report also confirms the existence of a copper-molybdenum anomaly at Dyenguele and the discovery of seven zones of strong radioactivity in the north near Kebi and Serihio. With regard to gold a consortium composed of SODEMI (60 percent), French public and private interests and the British firm, Lonrho, has been formed to develop the Ity goldfield, southwest of Man. Production is expected to begin at the end of 1979 at the rate of 10 to 15 tons of gold per year according to the Ivorian Ministry of Mines.

### *Energy*

Ivory Coast's situation with regard to energy is characterized by: (1) Rapidly increasing production; (2) heavy reliance upon petroleum products, both for direct consumption, and for production of electricity; (3) consequent heavy dependence on imports. Taking into account the anticipated new large industrial projects (iron ore, paper pulp), Ivorian electricity consumption is projected to increase from 962 million KWH in 1975 to 3 billion KWh in 1980, and to 5 billion KWh in 1985.

Ivory Coast seeks to assure itself of energy supplies sufficient to sustain its ongoing economic development program at the lowest possible cost. Table 9 gives the Ivory Coast's production of electricity from 1970 to 1977 with projections for 1978–80. The 1976–80 development Plan calls for a massive energy development program over the coming 15 years, based heavily on hydraulic as opposed to thermal generation. Ongoing and possible projects include: (1) Completion by 1979 of the Taabo dam on the Bandama River

*Table 9.—Ivory Coast: Production of Electricity, 1970–80*

| | Interconnected network Hydro-production (GWh) | Percent of total | Thermal[1] Production (GWh) | Unconnected Power Plants Thermal Production (GWh) | Total Production (GWh) |
|---|---|---|---|---|---|
| 1970 | 260 | 49 | 178 | 97 | 535 |
| 1971 | 139 | 24 | 360 | 89 | 588 |
| 1972 | 226 | 33 | 398 | 68 | 692 |
| 1973 | 168 | 21 | 556 | 72 | 796 |
| 1974 | 277 | 32 | 520 | 58 | 855 |
| 1975 | 383 | 39 | 524 | 55 | 962 |
| 1976 | 358 | 32 | 700 | 57 | 1,115 |
| 1977[2] | 270 | 22 | 917 | 63 | 1,250 |
| Projections | | | | | |
| 1978 | 270 | 19 | 1,049 | 76 | 1,395 |
| 1979 | 620 | 31 | 1,265 | 88 | 1,973 |
| 1980 | 1,760 | 62 | 1,069 | 8 | 2,837 |

Source. Energie Electrique de Cote d'Ivoire (EECI)

[1]Includes thermal production of unconnected power plants not shown separately
[2]Provisional

downstream from the Kossou dam; (2) completion by 1980 of the Buyo dam on the Sassandra River; (3) evaluation studies of possible dam sites on the Cavally (in cooperation with Liberia) and Comoe Rivers.

Ivory Coast depends on imports for all elements of its energy production and transmission system. Additional attention by U.S. suppliers to this market can reap incremental sales. U.S. sellers must be prepared to do business in the French language. European suppliers have the advantage of long-established trading and technical assistance ties *(Electicite de France* for example has provided much engineering counsel to E.E.C.I.). American firms can counter with early reaction to planned major projects, strong local representation, and frequent visits by sales personnel. American companies interested in Ivorian power projects should contact: M. Lambert Konan, Directeur General, E.E.C.I., B.P. 1345, Abidjan, Tel. 32-23-45.

### Manufacturing

The $850 million manufacturing sector has been one of the most dynamic elements of the Ivorian economy. Its share in GDP rose from 4 percent in 1967 to 12 percent in 1976. In current prices, the value added by manufacturing rose tenfold during the decade 1960-70 and more than doubled between 1970 and 1976, reflecting in part the establishment of new industrial plants. The volume of production rose 11 percent in both 1975 and 1976.

In the early years industrial policy in Ivory Coast was geared mainly to import substitution. This policy proved successful, but the scope for further industrialization along this pattern appears limited. Accordingly, the Government's policy is to concentrate increasingly on encouraging the establishment of export-oriented industries based largely on locally available agricultural raw materials. The objective is to increase the share of manufactured exports from 30 percent of total exports in 1975 to about 45-50 percent in 1980. The achievement of this objective will require both the expansion of existing industries and the establishment of new industrial units, particularly in the following areas: Coffee and cocoa processing, fruit canning, cotton spinning and weaving, edible oil refining, sugar production and refining, paper pulp production, and tire manufacturing.

The Government hopes the manufacturing sector/GDP ratio will be 30 percent by 1980. The current Development Plan foresees an annual industrial growth rate of 12 percent through 1985. Industrial exports are projected to grow 15 percent annually. Between 1976-80 total investments in manufacturing enterprises have been set at 120 billion ($600 million) CFA francs (1975 prices) and at 160 billion CFA francs ($800 million) between 1981–85. The share of Ivorian capital investments in industrial enterprises reached nearly 37 percent of the total in January 1976 (24.6 percent from the State and 12 percent from the private sector). In September 1976 the Ivorian Government had some ownership participation in 221 firms (50 of which were wholly State-owned) out of 486 industrial enterprises. Capital from 26 other countries provided the remainder. French investors were easily the most important source (39.3 percent in 1976; American investment in manufacturing enterprises that year stood at 2.71 billion CFA francs (4.21 percent of the total).

The prospects for the textile industry in particular look promising. Ivory Coast is now the second largest producer in Africa, with three-quarters of its production sold overseas. Turnover totaled 44.5 billion CFA francs among 36 enterprises between October 1975 and September 1976. Plant capacity reportedly doubled during 1976. Development efforts, which will involve large-scale machinery, includes a plant to produce 10,000 metric tons of polyester annually by 1980, expanding to 14,000 metric tons by 1985. The Ivorians also are planning to augment their facilities for cotton-spining, weaving, bleaching, dyeing, printing, and garment-making. Production expansion is projected as follows:

| | 1975 | 1980 | 1985 |
|---|---|---|---|
| Thread (cotton and polyester) | 10,000 m.t. | 38,500 m.t. | 47,500 m.t. |
| Cloth | 11,000 m.t. | 32,000 m.t. | 41,000 m.t. |
| Garments (for export) | — | 8,000 m.t. | 18,000 m.t. |



There is no production of textile and garment-making machinery in Ivory Coast. U.S. suppliers face keen competition from European and Japanese competitors, but stand a good chance of gaining an increased share of a growing market. U.S. firms may wish to participate in the biennial SITHA textile exhibition, which brings together buyers and sellers from African and European countries. For more detailed information, interested firms should contact M. Adrien Kouadio, Centre Ivorien du Commerce Exterieur, B.P. V68, Abidjan.

### Transportation

Ivory Coast is placing major emphasis on the construction of an adequate transportation network. Government authorities are stressing the establishment of comprehensive road and rail systems, as well as the expansion of existing port facilities. Since 1970 major developments within the transport sector have included opening the new port of San Pedro in May 1971, the extension of facilities at the port of Abidjan, a vast increase in the national road system, modernization of several links of the Abidjan-Ouagadougou railway line, and a rapid expansion of the Ivorian shipping lines. The transport system consists of 43,000 km of roads, about 640 km of railroads, two major seaports, about 400 km of navigable lagoons, two international airports, and 14 airfields served by regularly scheduled domestic flights.

A very important recent development has been the significant growth of the Ivorian shipping company, the Societe Ivoirienne de Transport Maritime (SITRAM). Ivory Coast plans to triple its shipping fleet with a view to carrying 20 percent of total two-way cargo in Ivorian bottoms by 1980. Eight new general cargo ships were recently purchased, and SITRAM plans to purchase 12 specialized ships over the next few years.

There are considerable sales opportunities for U.S. contractors and suppliers with regard to Ivory Coast's major projects in roadbuilding. At the end of 1976, the road network included 43,000 km of roadway, of which 2,200 km were paved and 17,000 km were earth roads. A continuous major effort is being made to upgrade Ivory Coast's road system. At the beginning of 1978, bids let totaled 120 billion CFA francs, including construction projects. Roads totaling 1,115 km were to be upgraded and paved between 1978 and 1980, representing an investment of 72 billion CFA francs. In addition, a number of urban road work sites are being constructed or planned, at a cost or 43 billion CFA francs, and the third Abidjan bridge has been underwritten for 9 billion CFA francs.

Urban transport has been reorganized in recent years. The public mass transportation service is run by the Abidjan Transportation Company (SOTRA), which carried more than 135 million passengers in 1976. SOTRA's pool contained 418 units, including three hundred sixty-seven 100-seat buses and thirty 25-seat express jitneys, in 1976. By 1980, it will have about 1,000 units, including some 800 large buses and about 100 express jitneys. SOTRA's 1976–77 investment program, indicative of future requirements, called for the purchase of 227 large buses, the purchase of 100 market supply cars and taxi baggage vehicles, the purchase of 30 express jitneys and eight 30-seat touring buses (including six with air-conditioning); and the construction of various servicing facilities. An urban public transportation service using boats on the lagoon was put in operation by SOTRA in 1978, involving over the 1977–80 period an investment of 2.5 billion francs for 45 boats and 3 docks.

The Abidjan-Niger Railway Administration (RAN) operates 1,173 km of railroad, including 628 km on Ivory Coast territory. In 1976 its commercial traffic totaled 3.2 million passengers, or 1.04 billion passenger-kilometers, and 865,700 tons of goods. RAN has embarked on a vast modernization program to increase its transport capacity, productivity, speed, comfort and safety. Proposed investments in the 1976–80 Development Program amount to 42 billion francs. The development budget for 1977 came to 9.9 billion CFA francs, up 53 percent from 1976; and covered, among other things, infrastructure and construction projects, the purchase of self-propelling cars, traction equipment, and financial charges. Plan purchasing requirements for the system included 31 locomotives, 37 locotractors, 94 autorail cars, 649 closed freight cars and 63 flatcars. Other projects involve the building of sorting yards and workshops at four different sites.

Inquiries concerning railway projects in Ivory Coast can be made to: (1) M. Lansine Konate, Directeur General, Regie Abidjan-Niger, P.O. Box 1394, Abidjan, Tel. 32-02-45, Telex 564 FERDIA: (2) M. Kouadio Wilson, Charge de Mission, Ministere des Travaux Publics et des Transports, P.O. Box V6, Abidjan, Tel: 32-08-88, Telex 2108.

There are two deep-water ports, one at Abidjan and the other at San Pedro in the southwest.

Commercial traffic in 1977 at Abidjan Port totaled 7,863,333 metric tons, up 2.3 percent from 1976, and reached 1,358,510 metric tons at San Pedro, up 10.9 percent from the previous year. Imports accounted for 4,729,093 and 40,786 tons of the totals, respectively. Facilities at Abidjan Port consist of 19 general cargo and 4 specialized berths, with additional facilities for handling bananas, timber, ore, fish, oil and river traffic.

Development plans for Abidjan include a proposed port expansion on the Locodjo Peninsula, including: 3 container piers; 12 piers for general merchandise; a duty-free zone of 90 hectares; an industrial zone of 200 hectares adjacent to the port facilities; and a mineral port to handle the expected flow of manganese from the Tambao project in Upper Volta. Spin-off construction projects include a new access channel to the mineral port, a sugar port, a cereals port, a new fishing port, a new access road to the port area, railway line extensions to connect the port area with the existing Abidjan-Ouagadougou line. Specific types of equipment that will be needed include containers, stockpiling equipment for containers, tugboats, motorized launches, trolleys, mooring buoys and electric lines. All construction contracts are expected to be awarded through bids at some future date. Interested companies, according to project authorities, would do well to include financing packages in their proposals. Interested companies can address themselves to: M. Antonen Ibo, Directeur General, Port of Abidjan, B.P. 1360, Abidjan.

Air transportation continues to develop very rapidly. At the Port Bouet-Abidjan International Airport, traffic rose from 228,537 to 546,727 passengers and from 13,821 to 16,800 tons of goods between 1970 and 1976. Domestic traffic handled by the national company Air-Ivoire, which links Abidjan to 11 cities in the interior, rose 185 percent between 1970 and 1975. Air Ivoire's traffic in 1976 totaled 69,826 passengers and 408 tons of freight and mail. Some 89 aircraft were registered in 1976. In addition, 33 other aircraft (including one helicopter) registered in France had been granted flying rights and were legally resident in Ivory Coast by 1977. Various major airport construction, including an upgrading to international standards of the airport at Bouake, and improvement projects were being considered in late 1978.

U.S. firms should be able to benefit from the local preponderance of U.S.-built aircraft, the local prestige of U.S. airlines, and an increased appreciation of U.S. equipment among the African management of ASECNA, the multi-government owned corporation with headquarters in Dakar, Senegal, responsible for Ivorian airport maintenance and development.

Inquiries concerning ASECNA's operations and plans can be addressed to: M. Paul Malekou, Directeur General, B.P. 3144, Dakar, Tel. 359-49-40, Telex 680. ASECNA's mailing address in Abidjan is: B.P. 1365.

### *Communications*

The national telecommunications investment program for 1976–78 totaled 19.4 billion CFA francs (about $97 million). Among the projects embarked upon were the reconstruction and expansion of the telephone network of greater Abidjan; the refitting, extension and automatization of about 50 exchanges in the interior; the construction of large capacity microwave links; the expansion of the telex switching center at Abidjan; and the laying of a submarine cable from Abidjan to Dakar, Senegal. Substantial capital purchases also are anticipated for the upgrading and expansion of Ivory Coast's TV and FM broadcasting network. Finally, Ivory Coast may be a good market for point-to-point and mobile VHF and HF communicatons gear.

U.S. supplies (other than the French subsidiary of ITT) have not fared well in the Ivory Coast market for common carrier telecommunications equipment because of the entrenched position of European manufacturers and the close and continuing relationship between the Ivorian OPT and INTELCI and their French counterparts, the PTT and France Cables et Radio. In recent years representatives of numerous U.S. manufacturers of telephone and telex equipment have sought to enter this market. Prospects are good, as the Ivorian communications network appears ready for an infusion of new technology. Some major U.S. firms have begun to give the Ivorian market serious attention. In the telephone/telex market, they are finding genuine interest but have much groundwork to prepare if they are to be accepted as serious business contenders. U.S. suppliers of such items as multiplexers and concentrators, which confronted no foreign competition, found their products accepted immediately.

One major source of resentment among end-users of radio communications and broadcasting equipment has been the difficulty experienced in obtaining spare parts from U.S. suppliers, both in terms of responsiveness to inquiries and of a refusal to correspond in French. As few spare parts or substitutes were available locally, this is a major factor in the sale of equipment.



Ivory Coast has little production of telecommunication equipment. Societe Ivoirienne de Cables (SICABLE) was established in 1975 by TREFIMETAUX, a Pechiney (France) subsidiary; SONAFI, IVOIRAL and SIDELAF. The firm manufactures low tension electrical transmission and telecommunications cable.

Cie. Generale de Constructions Telephoniques (CGCT), an ITT subsidiary, enjoys the greatest market share for the central switching equipment, including virtually the entire Abidjan network. Ericcson of Sweden is a major supplier of telephone switchgear and PBX equipment. Thomson-CSF (transmitters, antennas), SODETEG (construction, buildings, maintenance), Schlumberger-I.S. (LF and HF equipment studios) also are active in Ivory Coast.

Only telephone equipment that has been type-accepted by the PTT may be connected to the telephone system. Furthermore, the firm selling and installing the equipment must itself be an approved service organization. A manufacturer or its representative applies for type-acceptance (agrement des appareils) by submitting schematic diagrams and descriptive literature, including technical details of operations in French, to: M. Robert Banti, Sous-Directeur des Installations des Postes de l'Etat, Poste 13, 2e Etage, Direction Generale de PTT, Abidjan. The PTT desires that manufacturers have a designated representative in Ivory Coast.

A firm handling installation becomes approved by submitting a list of its personnel and their qualifications to the same office. In general, only installations with more than three extensions or with PBX or key systems may be serviced by such private firms. PTT-installed equipment is now obtained by bulk purchases, normally on a sealed bid basis. Because of limited lead times, it is not practical for a U.S. firm to bid without operating through a local agent or dealer. The larger agents such as Peyrissac and CFAO do not have autonomy in the selection of product lines. Such firms have offices throughout Francophone Africa, and their Paris headquarters centralize purchasing decisions.

The full 1976–80 Third Five-Year Plan for communications envisages the following major programs: (1) 65,000 telephone subscribers nationwide, including 48,000 in Abidjan with the addition of 22,000 new lines to existing exchanges in 1979–80, (2) a fully automated system by 1980, (3) major new international links, (4) new multiplex aerial and microwave lines, (5) $110 million invested in switchgear, transmission equipment, electric generators, vehicles and tools; (6) a new earth satellite station to communicate through the Indian Ocean network.

In the radio and television field, there is no market for citizens band (11 meters) equipment in Ivory Coast, as operation of such equipment is banned. There is an important market for commercial and government point-to-point radio. In 1976 there were 154 licensed operators of commercial HF and VHF stations, 58 marine stations, and 12 aeromobile stations. The OPT operates a marine operator position, and the Port of Abidjan maintains a station for contact with incoming vessels. The petroleum refinery, and numerous other major enterprises, including hotels, forestry companies and agribusiness enterprises, maintain private radio communications networks.

As regards radio and TV broadcasting, the Ministry of Information has a project to extend FM radio and TV (for educational TV—a top priority in Ivory Coast) coverage to the entire nation. All radios sold in Ivory Coast are to be required to have FM reception capability. AM transmission is to be discontinued when the project is complete—perhaps by 1986. The entire project may cost as much as $50 million.

While the Ministry of Information claims familiarity with U.S. broadcast equipment, technical advisors there cite several obstacals to increased sales of U.S. equipment: (1) Nonresponsiveness of U.S. firms to correspondence; (2) difficulty in spare parts, particularly when it is necessary to deal through a French intermediary; (3) absence of local agents for U.S. goods; (4) the tendency of European technical advisors and European-trained technicians to look first to Europe as a source of supply.

Useful contact points in Ivory Coast for U.S. communications firms and sellers of communications and information network equipment are:

(1) Direction Generale des Telecommunications (domestic)
M. Yapi Bancouli, Director
Poste 13, 2e Etage, Grande Poste
Abidjan
Tel: 32-46-67

(2) Telecommunications Internationale de la Cote d'Ivoire (INTELCI)
M. Thierry du Roizel, Direction of International Telecommunications
B.P. 1838
Abidjan
Tel: 22-58-03, Telex; 790

(3) Radiodiffusion Television Ivoirienne (RTI)
Director for Radio Broadcasting
B.P. V191, Abidjan
Tel: 32-41-52

(4) Radiodiffusion Television Ivoirienne
M. Frederic Kouami, Director of Television Broadcasting
B.P. 8883, Abidjan
Tel: 34-92-06, Ext. 202

### *Tourism*

During the past decade, Ivory Coast has made substantial expenditures in its tourism industry, notably for the construction of a chain of first-class SIETHO (Societe Ivoirienne de'Equipments Touristiques et Hoteliers) hotels in a large number of major cities. During 1970–74, public investment in the tourism sector totaled 7.1 billion CFA francs, more than 75 percent of which went to developing the Assinie and Assounde beach resorts and expanding Abidjan's Hotel Ivoire. The Novotel in Abidjan (288 rooms, four stars) opened in December 1978 (cost-2.7 billion CFA francs). The first stage of the Sebroko complex, on the heights of Banco Bay, will be ready this year (cost $3.3 billion). The expansion of the President Hotel in Yamoussoukro is in progress. Hilton and Sheraton are considering building hotels in Abidjan; various other facilities are planned, including major resort hotels east of Abidjan.

The tourism flow (122,200 in 1976) should increase with the development efforts underway. In 1976 tourism made a contribution of 14.4 billion CFA francs (up 2.5 billion from 1975), 65 percent of which was due to hotel receipts.

Total investment in tourism during 1976–80 is projected at 26.1 billion CFA francs. However, the Government hopes to take a lower profile in this effort than in previous periods, restricting its investment to 2.1 billion francs and leaving the field open for private enterprises to make up the remaining 24 billion francs. Henceforth, the Government efforts will focus in the support area; the provision of services to major tourist centers, personnel training, tourist information services, and selected financing, rather than in hotel construction itself. Development of the southeastern resort area stretching from Assinie to Grand Bassam will continue to receive a large proportion of available funds in recognition that Europeans are the primary potential source of tourist revenue and that Ivory Coast's beaches remain its principal attraction to them.

### *Development Assistance*

Development assistance from both bilateral and multilateral sources has been significant since independence and totaled $904 million between 1973–76; in 1976 aid amounted to $385 million. World Bank and International Development Administration loans amounting to $396.2 million had been approved by July 1978. The European Development Fund and European Investment Bank also have made sizable loans. The United Nations Development Program (UNDP) has been disbursing technical assistance in recent years at an annual rate of nearly $4 million. About $19 million has been earmarked for 1977–81 for disbursal through the U.N. family of specialized agencies.

Bilateral aid has come primarily from France. Other important donors have been West Germany, other Western European countries, Canada, Nationalist China, and Japan. Ivory Coast to date is the only country in Francophone Africa that has not benefited from Arab bilateral development assistance. The African Development Bank, to whose African Development Fund the United States is making allocations, has its headquarters in Abidjan (B.P. 1387; telex AFDEV Abidjan 717) and has financed projects throughout sub-Saharan Africa.

The United States provided or earmarked $60.8 million in economic assistance through September 1977 under its bilateral aid program. It also provided assistance through USAID's West African Regional Program. Eximbank exposure amounted to $157 million by the end of June 1978. OPIC has been actively involved in Ivory Coast with its programs. The United States has had a Peace Corps program for more than a decade and currently provides Ivory Coast with a group of about 85 volunteers.

## Trade Regulations

### *General Information*

**Trade Policy.**—Ivory Coast is a member of the six-nation Economic Community of West Africa (CEAO), which replaced the West African Customs Union (UDEAO) on January 1, 1974. The other CEAO members are Mali, Mauritania, Niger, Senegal, and Upper Volta. The CEAO treaty provides for a common external customs tariff (CXT) and for the harmonization of member states' customs regulations regarding external trading partners. In actual practice the various members have tended to impose their own tariff schedule. For many years the Ivory



Coast's tariff structure placed higher duties on goods originating outside the French franc zone and the European Economic Community (EEC). Imports from the EEC countries entered the country duty free as a result of the Yaounde Convention of Association signed in 1968 between the EEC member countries and 18 African and Malagasy states. On July 21, 1975, Ivory Coast abolished the "reverse preferences" for imports from the Common Market, thus equalizing the duties applied to imports from the United States and making American products more competitive.

Ivory Coast is a member of the four-country Conseil de l'Entente (Council of the Entente), which also includes Benin, Niger and Upper Volta. It aims to increase regional economic cooperation. The Ivory Coast also belongs to the 15-country Economic Community of West African States (ECOWAS) established by treaty signed May 27, 1975. ECOWAS is working toward elimination of trade barriers among its membership, and, in addition, hopes to achieve harmonization of overall commercial policy, including investment projects planned in member countries.

In connection with payment for imports, foreign exchange controls do not apply to France or any country whose bank of issue is linked with the French treasury by an Operations Account. All other countries, such as the United States, are subject to exchange controls, generally through the delegation of authority to commercial banks for transfer of funds. Controls are not considered restrictive: the banks ordinarily transfer foreign exchange promptly upon presentation of satisfactory documentary evidence that the proposed transaction is legitimate and the imported goods have arrived in Ivory Coast.

**Currency.**—Ivory Coast is a member of the West African Monetary Union (UMOA), together with Benin, Niger, Senegal, Togo, and Upper Volta. The countries share a common currency, the CFA franc, which is issued by a common central bank, the Banque Centrale des Etats de l'Ouest (BCEAO). The convertibility of the CFA franc into French francs is guaranteed through a monetary cooperation agreement with France. The exchange rate is officially maintained at 50 CFA franc per French franc. In the first quarter of 1979 the rate of exchange approximated 230 CFA francs = US$1.

**Technical Standards.**—The metric system is the official standard of weights and measures. The standard electric current used in Ivory Coast is 50 cycles 220/380 volts (wye system), but there are variations from that norm.

**Language.**—French is the official language and is generally understood throughout the country. All correspondence as a general rule should be written in French. Shipping documentation should also be prepared in French to expedite customs formalities.

### *Duties and Taxes on Imports*

**Tariff Structure.**—Ivory Coast has two basic customs charges: (1) A fiscal duty levy (droit fiscal), which generally is between 5 and 20 percent but can go as high as 55 percent; and (2) a customs duty levy (droit de douane), which generally is between 5 and 15 percent, but can reach 40 percent for items that are locally produced. Goods from all developed counties are now admitted on a nondiscriminatory basis. Additional import taxes include: a levy of 0.6 percent in favor of the Centre Ivorien du Commerce Exterieur and the Conseil Ivorien des Chargeurs; a tax on value added ranging from 10 to 33.5 percent (usually 22 percent); and excise taxes on tobacco and alcohol.

Most of the duties are ad valorem rates assessed on the "normal price" wholesale market value of the goods in the country of origin, plus all costs and expenses incurred up to the time of their arrival in an Ivorian port. For the few imported goods chargeable with duty by weight (i.e. specific), the duty is levied on the net weight unless otherwise specified in the tariff. Import duties and all other taxes on ad valorem goods are based on c.i.f. (cost, insurance, freight) values.

Ivory Coast uses the Brussels Tariff Nomenclature (BTN) for classifying products. Advance rulings on customs classification can be supplied on written request to the Chef du Bureau des Douanes (Chief of Customs Office) in the locality where entry is to be made. A prescribed form must be submitted in quadruplicate to the Customs Office.

Information regarding Ivorian duties applicable to specific products may be obtained free of charge from the African Area, BED/OIM, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, or any Commerce District Office. Inquiries should contain complete product description, including BTN, SITC, or U.S. Schedule B Export Commodity Numbers if known.

### *Other Trade Regulations*

Imports from foreign countries, such as the United States, are subject to licensing according to an annual import program that establishes for each country a quota for bilateral commercial agreements and a global quota that can be applied to any of the countries. Import licenses are required for goods subject to quotas, while import certificates are needed for goods that are "decontrolled," which means they are not subject to the quota system. Two import certificate forms are used for "decontrolled" products: c.1.1 (where payment is made by letter of credit) and c.1.2 (where payment is made by cash against documents). Raw materials, spare parts for machinery, and semifinished goods largely make-up the "decontrolled" products list.

Import licenses and certificates are issued by the Subdirectorate for Licenses and Foreign Trade Regulations in the Directorate of Economic Affairs and External Economic Relations of the Ministry of Economy and Finance. Import licenses are valid for 6 months from date of delivery of the license and are normally easy to obtain. Licenses may be extended for 6 months: one time for consumer goods and three times for capital goods. License expiration is calculated from the loading date. Extension requests should be accompanied by the so-called "Import" copy of the license and supported by a letter from the supplier stating the reasons why the goods could not be shipped within the stipulated period.

All import transactions relating to foreign countries must be domiciled with an authorized bank when their value exceeds 500,000 CFA francs; transactions of lower value must be domiciled if a financial transaction is to be undertaken before customs clearance. The import licenses or import attestations enable importers to purchase the necessary exchange, but not earlier than 1 month before shipment before a documentary credit is opened or 8 days before the payment is due if the commodities have already been imported.

Since July 1, 1975, Ivory Coast has authorized the Societe Generale de Surveillance, S.A. (SGS) of Geneva, Switzerland, or its agents to perform a qualitative, quantitative, and price comparison inspection of all imports. Clarifications of the original decree require that all goods valued at 100,000 CFA francs f.o.b. or more must be accompanied by a "Declaration of Intent to Import" when shipped to Ivory Coast. Goods valued at 500,000 CFA francs f.o.b. or greater are subject to full inspection by SGS or its agent and cannot enter Ivory Coast without an inspection certificate, a notice of refusal to grant a certificate, or an exemption from the Ivorian Government. Sellers must notify SGS or its agent of the intent to ship goods, they must make the goods available to the agent for inspection, and they must bear all costs of the inspection prior to shipment. In most cases the inspection will be visual and the price comparison will be cursory.

Certain goods imported into Ivory Coast are exempted from inspection prior to shipment. Such items include medicine, food products, jewelry, publications, personal effects and gifts, and petroleum products. Exempted from qualitative inspection are cosmetics, dyes, paints, chemical products, insecticides, wines in bulk packaging, and spirits. The representative of SGS in the United States is the Superintendence Company, Inc., with offices at 17 Battery Place North, New York, N.Y. 10004 (212-052-6300), and other major ports. Exporters should send their inspection requests to the New York office, which will refer them to the appropriate regional office for the inspection to be carried out.

**Shipping Documents.**—Import documentation is not excessive nor is it applied in a discriminatory fashion. Customs formalities and procedures are enforced uniformly. Documents required by Ivorian customs officials on shipments from the United States include the commercial invoice (two copies in French, or with a French translation), a certificate of origin (two copies) and a bill of lading (or air waybill). No consular certification is required. In addition, the exporter must furnish his importer with a pro forma invoice in French or with a French translation, which must be attached to the importer's application for a license. Heavy fines are imposed for even minor irregularities in the above documents.

**Marking, Labeling and Packaging.**—All cartons, cases, crates and packages containing American-produced merchandise must bear marking identifying the United States as the country of origin (i.e., "Made in U.S.A.") before it will be allowed to enter Ivory Coast. Marking should be placed on each box, case, or package, just below the brand name. Lettering should be legible and at least 3 mm in height. Marks of origin in either English or French also are required on the labels of products exported to Ivory Coast. Labels should also indicate the date of production.

Other than for hazardous materials, which should be packaged in a standardized manner, there are no specific regulations on packaging.



However, goods shipped to Ivory Coast should be security padded to withstand tropical heat, moisture, pests, rough handling and pilferage. Importers recommend that American shippers avoid thin cardboard or plywood containers since they are easily broken into and readily damaged if exposed to weather. Many goods entering Ivory Coast by sea must be transshipped by truck a considerable distance. To ensure safe arrival at their destination, all packages should be of sturdy construction, properly supported (preferably on the inside), and banded on the outside with steel strapping.

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*Senate Concurrent Resolution 40, adopted July 30, 1973, invites U.S. exporters to inscribe, insofar as practicable, on the external shipping container in indelible print of a suitable size: United States of America. Although such marking is not compulsory under law, U.S. shippers are urged to cooperate in this publicizing of American-made goods.*

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**Entry and Warehousing of Goods.**—All goods are allowed to remain warehoused without customs entry in Ivory Coast for up to 1 month. Goods entered for transshipment, if removed within the alloted time, are not subject to customs duty, although they are liable for accrued storage and handling charges. All other goods, if not retrieved within 30 days from the customs area, are sold at public auction by the customs authorities after 4 months. Goods placed in a commercial bonded warehouse can remain undeclared for up to 18 months, with the possibility of two additional legal delays of 6 months each. Afterwards the goods may be sold at public auction. Various freight forwarding companies in Ivory Coast operate bonded warehouses.

**Air Shipment.**—Shipments by air cargo to Ivory Coast require the same documentation as those arriving by ocean freight and are subject to regulations applicable to shipments by vessel. In addition, copies of the air waybill are required for such shipments, as well as other required documents. For shipments by air cargo the shipping documents should either accompany the goods or be attached to the consignment notes and air mailed separately. At present seven international airlines, including Pan American, offer scheduled air cargo services from the United States to Abidjan.

**Transits.**—Ivory Coast maintains a transit zone facility at Abidjan for goods destined to Mali, Niger, or Upper Volta. These facilities allow duty-free storage within the transit area. Merchandise in transit must be bonded. The bonding usually takes the form of a guarantee by a bank, freight forwarder, or major importing firm that the goods will, at a later date, either be transshipped or entered through Ivory Coast customs.

**Samples and Advertising Materials.**—Samples that are of no commercial value or that have been rendered unusable by mutilation or otherwise damaged may be entered free of duty. Such goods must, however, be marked "aucune valeur commerciale" (i.e., "no commercial value"); otherwise they will be subject to full duty.

Advertising materials are dutiable when imported in quantity. Single catalogs or small packets of brochures are normally allowed free entry if marked "imprime" ("printed matter") and sent by parcel post. Ivory Coast also admits duty-free, under the cover of carnets, commercial samples, advertising material and professional equipment.

**Embargoes and Special Requirements.**—Embargoes have been placed on various types of products. Items whose general importation have been restricted or prohibited include live animals, arms or munitions, distilling equipment, obscene publications or films, saccharin, narcotics, explosives, and living plants or seeds. Exemptions may be granted in certain instances by the appropriate government agency. The importation of used clothing was prohibited in 1975. In addition, all pesticides must be registered prior to their sale, distribution, or use in Ivory Coast. Biscuits, any kind of rice, and textile imports falling within tariff chapters 50 to 63 of the Ivorian Customs Code require prior issue of a visa from the Direction du Commerce Exterieur. Pro forma invoices, which must be included with import license applications, must show the number of cubic meters and global and unit weight in addition to other information. The importation of alcoholic beverages with an alcohol content exceeding 20 percent is also subject to special regulation, including registration with the Direction du Commerce Exterieur.

## Selling in Ivory Coast

### *Distribution Systems*

**Distribution Centers.**—The estimated population of Ivory Coast in mid-1978 was 7.6 million persons, with an annual growth rate of 3.5 percent (including net immigration). About 20 percent of the population originates from outside the

country. The largest cities in Ivory Coast are Abidjan (population 900,000)—which is the capital and financial center of the country, and Bouake (population of 200,000) which is located in the center. Roughly 25 percent of the population lives in urban centers. The projected rate of growth of urbanization to 1980 is 8 percent a year. Other cities with populations exceeding 50,000 include Adzope, Agboville, Daloa, Divo, Gagnoa, Korhogo and Man.

The Ivorian distribution system is both traditional and modern. In the modern sector distribution is handled for the most part by large trading companies that cover all aspects of selling from importing to retailing and servicing. Among the larger firms involved are: C.A.E.I., CFA, DACIVO, Hamelle Afrique, Metco Ivorie, PEYRISSAC, Socaci, SCOA, and SOGIEXCI. More than 200 American companies are represented by local firms. Several of the import houses, especially those dealing in consumer goods, have set up stores and supermarkets that retail groceries, liquors, household goods, hardware, and clothing. Several chain stores (PAC, Chaine Avion) have branches in every major town.

**Forms of Representation.**—The specific type of representation that a U.S. firm might establish in Ivory Coast should conform to the marketing requirements of the product to be sold. The principal means are employing the services of an agent, utilizing a distributorship or dealer, and establishing a direct sales branch or subsidiary.

Agents are used exclusively for the distribution of a wide range of both durable and nondurable consumer goods and for some industrial raw materials. This form of representation may be particularly appropriate for highly competitive products appealing to a specialized market.

In appointing an exclusive representative in Ivory Coast, the U.S. exporter is legally entitled to certain exemptions from U.S. antitrust laws. The Webb-Pomerene Act allows a limited exemption from antitrust laws for direct exports by allowing exporters to agree on prices, sales terms, territorial division, and other activities in export trade that would be prohibited in U.S. domestic commerce. More information on the Webb-Pomerene Act is available from the Foreign Business Practices Division, Office of International Finance and Investment, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230.

Consumer goods requiring maintenance of stocks and industrial equipment and building materials are often exported to Ivory Coast through local distributors. The prospective distributor should be willing to carry a sufficient parts supply and maintain adequate facilities and personnel to perform all normal servicing operations. An efficient servicing capability is a virtual prerequisite for selling machinery in tropical Africa. American companies are urged to monitor closely the performance of their dealers.

Another method of representation for an American firm selling in Ivory Coast is to establish a branch office or sales subsidiary. This method is particularly appropriate where a large continuing market exists for a product where regular maintenance service or frequent contacts with the Government are required.

### *Credit*

Apart from the Banque Centrale des Etats de l'Afrique de l'Ouest (BCEAO), the banking system in Ivory Coast consists of 13 commercial banks and 5 specialized public credit institutions, the most important being the Caisse Autonome d'Amortissement (CAA), which manages the Government's debt. Other financial intermediaries that perform some banking operations include the Treasury, the Post Office, and the National Savings Bank.

Citibank, N.A. and Chase Manhattan have branches in Abidjan, and Chemical Bank has a representative office there. Other U.S. banks with major interests in Ivory Coast include Bank of America, Bankers Trust Company, and Morgan Guaranty. The U.S. accounting firms of Arthur Andersen, Price Waterhouse, Deloitte, Haskins and Sells, and Coopers and Lybrand have regional offices in Abidjan. The Washington, D.C. law firm of Duncan, Allen & Mitchell also has an office there.

To assist U.S. exporters in formulating sound credit policies applicable to local markets, credit information on individual Ivorian firms is available from the World Traders Data Report (Export Information Service, Industry and Trade Administration U.S. Department of Commerce.) Some of the principal U.S. sources include the Foreign Credit Interchange Bureau, National Association of Credit Management, 229 Fourth Ave., New York, N.Y. 10003; American Foreign Credit Underwriters Corp., 253 Broadway, New Yor, N.Y. 10007; and Dun and Bradstreet, Inc., 99 Church St., New York, N.Y. 10007.

### *Government Procurement*

Procurement of goods and services by the Ivory Coast Government comes under the su-



pervision of the Ministry of Finance, which in most cases is in a position to control the purchases of other ministries. Ordinarily, ministries order from local importing houses or from those foreign sources with which they are most familiar, which often means French suppliers. There is a growing interest in American sources of supply. Occasionally international calls-or-bids are issued, particularly for large-scale projects. Requests for bids are published in local newspapers and in various trade and government publications such as the *Daily Bulletin of the Chamber of Commerce.* All invitations for bids are advertised in the *Journal des Marches.*

The American Embassy in Abidjan watches all announcements of bids and promptly reports them to the Department of Commerce, where they are made available to the American business community through the Trade Opportunities Program (TOP). Frequently short lead times make it impossible for foreign firms to bid except through a local agent. The Government relies heavily on French technical advisors and consultants, and bid specifications are often based on those used in France, although IBRD (International Bank of Reconstruction and Development) and African Development Bank-financed projects have more broadly drawn specifications and have enjoyed good participation by U.S. firms. Bids may be handled by one of several methods depending on the work, type of service, and goods required. The principal method is competitive bidding.

American firms which are interested in supplying equipment, materials or services to the Ivorian Government or to a semipublic corporation will require reliable, persistent representation. Besides attractive pricing, major selling points are prompt delivery, availability of spare parts, and, if required, an effective local servicing capability.

### *Market Research and Trade Organizations*

The main firm in Ivory Coast for market research is the Institut Ivorian d'Opinion Publique, whose address is B.P. 21,044, Abidjan. This firm is a subsidiary of the Paris-based affiliate of the U.S. Gallup Institute. Local support for market research projects may also be obtained through the Chamber of Commerce, B.P. 1399; the Chamber of Industry, B.P. 1758; and the Chamber of Agriculture, B.P. 1291, all of Abidjan. American and Ivorian researchers and business visitors are encouraged to use the U.S. Embassy's commercial library in Abidjan.

The Government of Ivory Coast publishes economic data that can provide valuable assistance to the U.S. exporter in formulating a marketing plan. The best available statistical sources are the *Statistiques du Commerce Exterieur,* and other statistical publications issued by the Direction de la Statistique, Ministere de l'Economie et des Finances, B.P. 222, in Abidjan and by various Ivorian banks. Other useful sources of commercial information include the respective *Bulletin Mensuel* (Monthly Bulletins) of the Chambers of Commerce, Industry and Agriculture. A most valuable aid in marketing is the *Annuaire National de la Republique de Cote D'Ivoire* (National Year Book) printed every year by Chastrusse et Cie., Rue Andre-Devaud; 19105 Brive, France. *La Cote d'Ivoire en Chiffres* is a statistical yearbook published by the Ministry of Planning. Ediafric, 57 Avenue d'Iena, 75116 Paris publishes *Societes et Fournisseurs d'Afrique Noir,* a comprehensive directory of public and private companies.

### *Marketing Aids*

**Advertising Media.**—Advertising is available in Ivory Coast in almost any medium: newspapers and magazines, television, by short films in movie houses, over the radio network, via local exhibitions and displays and through direct mail. To be fully effective the advice of local specialists should be sought before embarking on a publicity campaign.

**Printed Materials.**—There are two French language newspapers, published in Ivory Coast, a daily and a weekly. *Fraternite Matin,* the daily, has a circulation of more than 35,000. *Fraternite Hebdomadaire* (circulation of 15,000) is the official newspaper of the country's sole political party, the PDCI. Advertising in these papers is inexpensive. Several magazines enjoy a wide circulation, including *Bingo, Paris Match, Jeune Afrique,* as well as the European editions of *Time* and *Newsweek. Le Monde,* the influential French daily, is read widely. Many Ivorian business people also read some of the African business publications that carry advertising. These periodicals include *Afrique Industrie Infrastructures, Le Manager, Marches Tropicaux et Mediterraneens, Moniteur Africain du Commerce et de l'Industrie, Bulletin de l'Afrique Noire, African Development, and West Africa.* French trade journals are read widely within their respective industries.

## Investment in Ivory Coast

### *Investment Climate*

Foreign investment in Ivory Coast had a book value of about $500 million in 1977. Ameri-

can investment amounted to approximately $160 million, primarily in the services sector. As in many cases loans and accounts payable far exceed the cash investment. More than 100 U.S. firms are operating wholly owned subsidiaries or branches or are partners with other firms and the Government in manufacturing, tourism, banking, insurance, mining and petroleum marketing services. These firms, include Exxon, Bank of America, Bankers Trust Company, Citibank, Chase International Investment Corporation, Lazard Freres and Company, IBM Corporation, American International Assurance Company, AFIA Worldwide Insurance, Union Carbide, and Riegel Textile Corporation. Additional American capital expenditures are under way that will increase substantially the total U.S. investment.

### *Government Policy on Foreign Investment*

The Government encourages private foreign investment in projects that contribute to the country's economic development. For nearly two decades it has had one of the most liberal investment codes in Africa. Law No. 59-134 of September 3, 1959, lays down the conditions governing private investment by defining what constitutes a "priority enterprise" and by specifying the requirements with which an undertaking must comply to be approved as such. The Law also provides for important tax exemption and relief measures that will benefit all priority enterprises without distinction, and, in regard to some enterprises, the long-term taxation scheme that is designed to ensure fixed taxation for a period not exceeding 25 years. Establishment agreements between the Ivory Coast Government and the firms concerned, specifically provided for by the law, lay down the terms and conditions of the establishment and activities of enterprises using the long-term scheme.

The following categories of enterprises in the Ivory Coast are eligible for priority status: (1) Real estate; (2) industrial crops and related processing industries—oilseeds, rubber, sugar cane, etc.; (3) industrial preparation or processing by mechanical or chemical means of local vegetable and animal products—coffee, cocoa, timber, cotton, etc.; (4) manufacturing and assembling goods and articles for large-scale consumption—textiles, building materials, fertilizers, pharmaceuticals, etc.; (5) extractive industries—mining, enriching or processing of mineral and related handling and transport industries, oil prospecting; (6) power production; and (7) tourism (by Law No. 73-368 of July 26, 1973).



If priority status is sought, the investor must submit a proposal to the Ministry of Planning. The Bureau du Developpement Industriel (Industrial Development Office) within the Ministry will provide counseling services and pinpoint government interests. Formal government approval for priority status is granted by decrees passed by the Council of Ministers and published in the *Journal Officiel* (official gazette). More detailed information concerning specific benefits offered foreign investors under the investment code, as well as copies of the 1959 law itself, can be obtained from the African Area, Office of Country Marketing, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230.

Although Ivory Coast has no specific legislation limiting the degree of foreign participation in investment enterprises, the Government vigorously encourages joint venture projects with Ivorian nationals. Prior authorization of the Office des Changes, Ministry of Economic and Financial Affairs, is mandatory for all direct foreign investment in Ivory Coast involving transactions outside the franc zone.

**International Agreement.**—Ivory Coast is a signatory of the Convention of the Settlement of Investment Disputes between States and Nationals of other States, which has also been ratified by the United States. Ivory Coast and the United States also have concluded an Investment Guarantee Agreement. This agreement makes available the investment services of the U.S. Overseas Private Investment Corporation (OPIC) to U.S. investors approved by the Government of Ivory Coast.

### *Industrial Property and Copyright Protection*

**Patents and Trademarks.**—Ivory Coast is a member of the Office Africain et Malgache de la Propriete Industrielle (OAMPI). This organization establishes a common system for obtaining and maintaining protection for patents, trademarks and industrial designs among its member states (Central African Empire, Benin, Gabon, Ivory Coast, Niger, Rwanda, Senegal, Togo, Upper Volta, Mauritania). Inquiries and applications should be directed to OAMPI, B.P. 887, Yaounde, Cameroon.

Ivory Coast is a member of the "Paris Union International Industry Property Convention" (patents and trademarks). U.S. nationals are thus entitled to national (i.e. equal) treatment under that country's laws in maintaining their patent and trademark rights. They also are entitled to certain special advantages such as 1 year preservation of patent filing rights after first filing in the United States (6 months for trademarks) and protection against arbitrary cancellation of patents and trademarks for non-use. Invention and design patents as well as trademarks are valid for 20 years.

**Copyright.**—The Ivory Coast is not a party to any copyright convention to which the United States adheres. But it is a member of the Berne Copyright Convention. American authors may receive automatic copyright protection in Ivory Coast for a work if it is published in one of the 55 other countries adhering to the Berne Convention at the same time it is first published in the United States. Further general information on industrial property and copyright protection may be obtained from the Foreign Business Practices Division, International Economic Policy and Research, Industry and Trade Administration, U.S. Department of Commerce, Washington, D.C., 20230. Information related to step-by-step procedures on fees, documents, and related matters, however, should be secured by consulting legal counsel.

### *Business Organizations*

**Types of Organizations.**—Foreign investors engaging in commercial activity may operate under one of two forms in Ivory Coast: (a) A branch, which is not considered a separate legal entity, or (b) an Ivorian company, by either participating in an existing firm or establishing a new one. The forms of business organization sanctioned in Ivorian law are the sole proprietorship (commerce par les interesses); the partnership (societe en nom collectif); the limited liability joint stock company (societe a responsabilite limitee) and the corporation (societe anonyme).

Ivorian requirements for organizing a business enterprise closely follow French legal practice. Information related to procedures for setting up a business should be secured from experienced legal counsel (a list of local attorneys in Ivory Coast can be obtained from the American Embassy in Abidjan or the U.S. Department of Commerce in Washington, D.C.). For further information concerning Ivorian formalities and regulations concerning enterprises to be established in the country, contact the Bureau de Developpement Industriel of the Ministry of Planning, B.P. 4196, Abidjan.

### *Taxation*

**I. Taxes on Income and Profits**

A. *Companies, partnerships and individual enterprises.*—This is an annual tax levied on the net profits realized from activities (including real estate) carried on in Ivory Coast. The basic rate is 25 percent on individual enterprises and 40 percent for companies. There is also a 10 percent contribution to the Fonds National d'Investissement (FNI). Low-cost housing companies are exempted. Authorized deductions include property taxes and losses incurred during the 3 previous years.

B. *Individuals*

1. Tax on noncommercial profits.—An annual tax levied on earnings from the exercise of independent professional activity. The basic rate is 25 percent plus a 10 percent contribution to the Fonds National d'Investissements (FNI). Authorized deductions include property taxes and losses incurred during the 3 previous years.

2. Tax on salaries and wages.—An annual tax levied on earnings from employment, pensions, and annuities of residents, withheld at source. A basic rate of 1.5 percent applies, plus a progressive component ranging from 1.5 percent (for monthly salaries between 30,000 to 100,000 CFA francs) to 10 percent (for monthly salaries of more than 150,000 CFA francs). Certain exemptions and deductions are allowed.

3. General income tax.—An annual tax levied on total net income of residents. Foreigners are taxed on Ivory Coast income. A graduated split system is in effect with a progressive rate of 0-60 percent applied. Total tax is obtained by multiplying the tax on each split by the number of splits. Retirement fund contributions (up to 6 percent) and specified expenses (up to 15 percent) are deductible. A family situation is taken into account through a system of income splits, up to five.

C. *Other.*—Tax on income from movable capital.—A withholding tax on dividends introduced in 1974. The standard rate is 12 percent. The tax is deductible from the general income tax payable.

**II. Social Security Contributions**

A. *Retirement.*—The employer is as-

sessed at a rate of 1.8 percent of the employee's salary.

B. *Family allowances.*—The employer pays at a rate of 5.5 percent. There is a ceiling of 840,000 francs annual salary.

C. *Worker's Compensation.*—The employer pays at a rate of between 2 and 5 percent.

III **Employer's Payroll Taxes.**—An annual tax payable by employers on total wages and salaries paid in cash or in kind. The assessed rate is 12 percent for Ivorian employers and 17 percent for private non-Ivorian employers.

IV. **Taxes on Property**

A. *Tax on developed property.*—This tax is levied on the rental value of buildings constructed of nontraditional materials. A rate of 10 percent is imposed. Standard deductions are 80 percent for housing and 50 percent for other buildings.

B. *Sewerage assessment.*—The rate is 5 percent.

C. *Tax on undeveloped property.*—This charge is levied on the assessed market value of vacant urban land. A rate of 4–6 applies, depending upon the number of years since purchase.

D. Mortmain tax. An annual tax on property held in mortmain by corporations and associations. Fifty percent of the equivalent property tax is levied. Real estate companies are exempted.

E. Tax on insufficiently used land. Levied on the excess of the market value above three times the normal rental value. It is not applied if conditions beyond the control of the owner prohibit construction.

V. **Taxes on Goods and Services**

A. *Turnover and value-added taxes*

1. Domestic value-added tax.—A tax based on turnover after deduction of purchases. It is levied at the production stage. Exports, many basic commodities, most primary sector activities, and low-cost housing construction are exempted. There are three rates (1) Normal—22 percent, (2) reduced—10 percent, and (3) increased—33 percent.

2. Value-added tax on imports.—This is levied on the c.i.f. value of imports plus all import duties. Fertilizer, newspapers, cereals are exempted. Rates are the same as for the domestic value-added tax.

3. Tax on services.—This is levied on all services, notably restaurants and insurance commissions. Rates are the same as for the domestic value-added tax.

B. *Taxes on use of goods and property* (Business license tax.).—An annual tax levied on any person or company engaged in trade, industry, or profession not expressly exempted. There is a temporary exemption for new enterprises. A fixed levy is imposed depending upon the type of business, plus a proportional levy of 10 percent on the rental value of the premises. There is also at present a surcharge of 10 percent.

C. *Export duties.*—Levied on most agricultural products, minerals, diamonds, and gold on the basis of standard values. Rates are ad valorem, generally 0–30 percent. Reductions are made on exports by priority enterprises.

**Avoidance of Duplicate Taxes.**—The United States and Ivory Coast have not concluded a tax treaty with one another. Under U.S. law, however, American companies operating in Ivory Coast may claim a credit against U.S. taxes for such taxes paid to Ivory Coast.

### *Employment*

**Labor Force.**—There has been no comprehensive census of the economically active population. The vast majority of the working population is engaged on a nonsalaried basis, primarily in farming. The number of permanent wage earners in the private sector in 1977 has been estimated at 350,000 to 370,000 (or roughly 10 percent of the labor force). About 50,000 persons are employed by the Ivorian Government. Employment in the so-called modern sector rose by 22 percent in 1976.

Labor for modern enterprises is usually available; but the workers possess few technical skills and must be trained on the job. Lack of highly skilled laborers has resulted in the employment of about 15,000 non-African (mostly French)



workers in advanced technological jobs and administrative and managerial positions).

Unemployment remains a relatively minor problem in Ivory Coast compared with other African countries, although in urban centers, particularly Abidjan, the number of unemployed persons has increased in recent years, and young educated people with inappropriate qualifications and lack of experience have some difficulty getting jobs.

**Payments and Benefits.**—Ivory Coast has a system of guaranteed minimum wage rates consisting of the Salaire Minimum Agricole Garanti (SMAG) for agricultural workers and the Salaire Minimum Interprofessional Garanti (SMIG). The SMIG minimum wage is presently 920 CFA francs per 8-hour day, and the SMAG is about to be raised retroactively from the present 240 CFA francs per 8-hour day.

Actual wages in many sectors are governed by collective agreements (conventions collectives), which are negotiated by a committee of employers' and workers' representatives. Relationships between employers and employees are covered by the Labor Code (Law No. 64–290 of August 1, 1964, as amended). The Union General des Travailleurs de Cote d'Ivoire (UGTCI) represents all organized workers in the country.

### *Ivorianization Policy*

The Commission d'Ivorisation (AICI) was created in 1973 with the stated political goals of Ivorianizing capital and senior officer positions in the public service and the promotion of Ivorian enterprise. The Government has fixed 1980 as its target for Ivorianization, although the extent to which its objectives will be achieved is unclear. In enterprises with priority status under the 1959 Investment Code, which are required to employ and train a prescribed number of locals, the Ivorians' employment share rose from 66 percent in 1974 to 80 percent in 1976.

Ivorianization also is promoted through the Manpower Office in the Ministry of Labor and Ivorianization of Employment. The Office must be informed of any vacancies, which it attempts to fill with Ivorian candidates; if no suitable Ivorian is found, the employer may take any candidate of his choice.

In addition, firms doing business in Ivory Coast are required to file reports with AICI indicating the number of Ivorians, non-Ivorian Africans, and other expatriates employed. Work permits may be canceled for those expatriates whose positions are not reported to the AICI as required. Information on current regulations is obtainable from the Secretariat General of the Association Interprofessionnelle des Employeurs de C.I., B.P. 1340, Abidjan.

## Guidance for Business Travelers

### *Correspondence and Communications*

French is the language of business, government and social exchange. To conduct business effectively in Ivory Coast a working knowledge of French is a necessity. Commercial correspondence is ordinarliy conducted by means of airmail letters, which arrive from the United States twice a week. Transit time usually is between 1 and 2 weeks. International airmail letters from the United States to Abidjan cost $0.31 for a letter weighing one-half ounce; airform letters cost $0.22. Post Office box numbers (B.P.) rather than street numbers should be used in addresses.

Cables are frequently used to supplement airmail communication. For telegrams, the full rate per word from all places in the United States is $0.34, subject to a seven word minimum. Communications in the other direction, i.e. from the Ivory Coast to the United States, are considerably more expensive.

Local telephone service is available in Abidjan and all provincial centers. International calls to the United States may be made 24 hours a day and cost 30 CFA francs (about 13¢) for each 1.49 seconds on direct-dialed calls to the continental United States. Telex facilities can be found in Abidjan, Bouake, and other commercial centers. Most major businesses have their own telex numbers. The larger international hotels will send and receive cable/telex messages.

All business pertaining to mail, telegrams and telephones is transacted at the offices of the P&T (Posts et Telecommunications). The following is a list of Post Offices in the Abidjan area: Place de la Republique; Abidjan Plateau; Treichville; Adjame; Cocody; 220 Logements; Port Bouet; Airport; Kaemassi. Stamps may be purchased also at bookstores, hotel desks, and at the kiosk near City Hall on the Plateau.

### *Entrance Requirements*

American travelers must have a valid U.S. passport and visa when entering Ivory Coast, which does not grant airport visas. Visas may be applied for in person or by mail. If by mail, postage for passport return by certified or other mail

should be included. In Washington, D.C., applications should be made at the Ivorian Embassy, 2424 Massachusetts Av., N.W., 20008; in New York, apply at the Ivory Coast Visa Office, Suite 1404, 521 Fifth Av., 10017; and in Los Angeles visas can be obtained from the Ivory Coast Consulate, Suite 1402, 9000 Sunset Boulevard, 90069.

Visas are usually issued in 2 to 3 days and are valid for up to 3 months. There is no charge, but four photos are required and four copies of the visa application must be completed and submitted in French. For a business trip the applicant should submit a letter from the company indicating position held, destination, purpose of travel, proposed length of stay, and stating that expenses will be borne by the company. An international health certificate showing vaccination against smallpox, yellow fever, and cholera should accompany the application. Business travelers who reside outside Ivory Coast and whose activities necessitate their frequent presence in the country may obtain entry and reentry visas from the Service du Documentation in Abidjan.

### *Exchange Controls*

There are no limitations on the importation of dollars, travelers checks, or other instruments of payments, but travelers may be asked to declare this amount at the time of entry. Nonresident travelers may take out foreign bank notes up to the amount declared on entry and a maximum of 25,000 CFA francs. Currency can be exchanged at the Abidjan airport exchange office or at leading banks downtown at a slightly less favorable rate. French francs are freely interchangeable without commission at a rate of 50 CFA francs to one French franc. Banks are open Monday through Friday from 7:30 a.m. to 11:30 a.m. and 2:30 p.m. to 4 p.m.

**Business Hours.**—Business hours for firms and government offices are 8 a.m. to noon and 3 to 6 p.m. Monday through Friday and 8 a.m. to 12 noon on Saturdays. U.S. Embassy hours are 8 a.m. to noon and 2 to 5:30 p.m., Monday through Friday.

**Holidays.**—Official holidays observed in Ivory Coast include January 1 (New Year's), April 16 (Easter Monday)* May 1 (Labor Day), May 24 (Ascension)*, June 4 (Pentecost)*, August 15 (Assumption), August 22–23 (Id-el-Fitri)*, October 31 (Tabashi)*, November 1 (All Saints), December 7 (Independence Day), December 25 (Christmas).

*Variable Christian or Moslem Holiday-dates given are for 1979



### *General Information About Abidjan*

Abidjan is composed of various areas: A business district centered on the Plateau; a residential area, Cocody, where the Hotel Ivoire is located; and several African townships, the most important of which are Treichville and Adjame. Much of the city is attractive. Travelers are reminded that English-speakers are relatively scarce in Abidjan, and they cannot count on English to explain directions, give orders, and so forth.

**Climate.**—The Ivory Coast climate is tropical, with two distinct seasons. The rainy season lasts from May to October and is characterized by cloudy, hot and humid weather interspersed with frequent showers ranging in intensity upward to monsoon force. The dry season, November to April, is very sunny, slightly warmer, and less humid. Sea breezes, especially in the evening, frequently alleviate the heat and humidity. Mid-June to early September is generally a bad time to visit Ivory Coast because key government and business officials are often on leave.

**Local Time.**—Ivory Coast is on Greenwich Mean Time (GMT). This is 4 hours ahead of Eastern Standard Time.

**Taking Pictures.**—It is recommended that you obtain the permission of persons you wish to photograph. Many Africans, particularly orthodox Moslems, have a strong dislike of being photographed, although some are pleased by the attention. *DO NOT* photograph people against their will. *DO NOT* take photographs in the National Museum.

**Car Rentals.**—Cars can be rented from: (1) Hertz (Renault), at the Hotel Ivoire, Hotel des Relais, Hotel du Parc, and Airport; (2) Europcars (Renault) at Air Service Ivoirien, Hotel Tiama, and Airport; (3) Locauto (Fiat), at Station AGIP—Autoroute; and (4) Transivoirauto (Datsun) at 15 Boulevard de Gabon.

**Taxis.**—City taxis (red) are reasonable, numerous and available on the main streets and boulevards in most sections of the city day or night. All are metered, minimum charge is 80 CEA francs, and rates are doubled (legally) between midnight and 5 a.m. The average charge between the Hotel Ivoire and the Plateau is about 700 francs. On the Plateau taxis usually may be found in front of the Hotel du Parc or the Hotel Tiama as well as in the Nour-al-Hyat and Score supermarket areas.

**Tipping.**—As a general rule, 10 percent of the price is recommended. Taxi drivers appreciate but do not expect tips. As a general rule, baggage porters are tipped.

**Prices.**—All persons should be aware of high prices charged in Abidjan restaurants, gift shops and bars. Inflation has hit the Ivory Coast with full force, therefore the prices quoted below are only approximate and will quickly become dated.

**Hotels.**—All of the following hotels are air conditioned:

1. Hotel Ivoire (Intercontinental)
   B.P. 8001, Tel: 34-94-81, Telex 550
   The most deluxe hotel in Ivory Coast, featuring 750 rooms, 7 restaurants and bars, a night club, an 800-seat cinema, casino, swimming pool, bowling alley, shopping arcade, and 2,000 seat convention hall. Room prices per day range from 15,000 to 18,000 CFA francs.
2. Hotel Le Tiama (UTH)
   B.P. 4643, Tel. 32-08-22, Telex 494
   A 150-room international class hotel in central Abidjan. Contains restaurant, bar, and conference rooms. Room prices per day range from 11,300 to 13,800 CFA francs.
3. Hotel du Parc (UTH)
   B.P. 1775, Tel. 22-23-86, Telex 619 UTAPAR
   A comfortable 80-room hotel in downtown Abidjan. Good French restaurant. Room prices per day range from 10,300 to 12,600 CFA francs.
4. Grand Hotel
   V.P. 1785, Tel. 32-64-38
   A relatively inexpensive hotel in the downtown Plateau district with 100 rooms. Room prices per day range from 6,500 to 7,500 CFA francs.
5. Forum Hotel du Golf
   B.P. 8018, Tel. 34-84-32, Telex 2368

   A new tourist-oriented hotel with 300 rooms located on the outskirts of Abidjan. Features several restaurants, swimming pool, tennis, golf, and nautical sports. Room prices per day range from 10,000 to 13,000 CFA francs.

**Restaurants.**—Abidjan's restaurants are many and varied, with offerings of many international specialties and excellent fish in addition to the predominately French cuisine. Luncheon is usually served between 12:30 and 2 p.m. and dinner from 8 p.m. onward. A few cafes and snack bars are open 24 hours a day.

1. Chez Valentin, Avenue Reine Pokou (Avenue 16) in Treichville serves excellent French food. A small, popular place where it is best to call ahead for a table. Telephone 32-47-16. Expensive.
2. Hotel du Parc, on the Plateau. Call 22-23-86 for a reservation. The hotel's sidewalk cafe (drinks only) is a popular place from which to watch passersby. The indoor restaurant serves excellent French food and is air conditioned. Moderate to expensive.
3. La Petite Auberge, rue des Pecheurs, Zone 3, behind the Treichville Hospital. First class with tasteful decor. Open evenings only. Telephone 35-66-00. Very expensive.
4. La Santa Maria, a floating restaurant on the lagoon, offers a pleasant view, a cool breeze and superb cuisine. The service is impeccable and very friendly. Located on Boulevard de Marseille, just before Sorrento. Telephone 35-54-66. Moderate to expensive.
5. Chez Babouya, Rue 7, Avenue 7, across from the Information Hall, Treichville. A cushion-strewn intimate setting in the heart of Treichville offering Mauritanian and North African specialties. Best for larger groups. By reservation only. Moderately priced.
6. L'Aquarium, Boulevard Pelieu, on the Plateau. Informal dining around on the loveliest public pools in Abidjan. A splendid view of the lagoon from the terrace, where drinks are served.
7. Le Manguier, Grill Room, Hotel Tiama, small and comfortable. Features wood fire grilling. Good but limited menu. Moderate prices. Telephone 32-08-22.
8. Brasserie Abidjanaise, Boulevard de la Republique, near Avenue Terrasson de Fougeres. The most moderately priced, air conditioned restaurant on the Plateau, serving good food in a quiet setting. Telephone 22-67-51.
9. Dragon, Chinese restaurant located around the corner from the Pyramide building. Favorite of the local Chinese community. Service is often very poor. Moderately priced. Telephone 32-34-15.
10. La Pizza di Sorrento, Boulevard de Marseille, Km 6. First class pizza served under open cabanas. Selection of other regional Italian foods also on the menu. Reservations are necessary on weekends. Expensive. Telephone 35-57-75.
11. Les Pecheurs, near the fishing port. A very attractive restaurant serving excellent seafood. Moderate to high. Telephone 35-42-35.

12. Les Tourelles, on the road to Grand-Bassam just past Port Bouet, has a saltwater pool which faces the ocean. Restaurant not particularly noteworthy, but a pleasant place to spend an afternoon. A ye-ye band plays after 5 p.m. on Sundays. Inexpensive.

13. Toit d'Abidjan, at the Hotel Ivoire 4,000 CFA minimum per person without drinks. Open from 7 p.m. to 11 p.m. daily except Sundays. Elegant, fine view of city lights.

**Churches.—**

*Catholic:*

Saint Paul Cathedral (Plateau): Sunday Mass at 7:30, 9:30 and 11 a.m. Telephone 30-20-38.

Saint-Jean (Cocody): Sunday Mass at 7:30 and 10 a.m. and 7 p.m. Telephone 34-92-60.

Notere-Dame du Perpetuel Secours (Treichville): Father Florian speaks English. Sunday Mass at 6, 7:30 (choir) and 9 a.m. and 6:45 p.m. Telephone 35-64-54.

Saint Michel (Adjame): Sunday Mass at 6:30, 8: (with drums and African Choir), and 9:30 a.m. and 7 p.m.

*Protestant*

Eglise Protestante Methodist (Plateau): Service every Sunday at 9:30 a.m. English service third Sunday of each month at 11 a.m. Telephone 32-11-93.

First Baptist Church (Marcoury): Every Sunday at 10:45 a.m. A Nigerian service with excellent choir and drum accompaniment.

### *Health Precautions and Medical Information*

Water and ice in the Hotel Ivoire are safe for consumption, as the Ivoire has its own purification plant. Water and ice served in other establishments should be avoided. Travelers should drink only bottled water, which is available in most restaurants. (Evian, Vittel and Volvic are popular brands). Beer and bottled soft drinks also are considered safe.

Travelers should avoid eating salads and uncooked vegetables. Meat (no matter what kind) should be well done. Fish (if fresh, of course) is safe. Milk and milk products (cheeses, ice cream, butter, cream) of unknown origin should be avoided. Milk from sealed cartons or bottles is considered safe, as are imported cheeses, butter, cream, and ice cream. Most of the items served in restaurants are imported, but if there is any doubt, do not eat them.

The inner lagoons of Abidjan are badly polluted, and travelers ar advised not to swim nor water ski in them. While the salt waters at the ocean beaches near Abidjan are unpolluted, it is extremely dangerous for even the most expert swimmers to swim in thses waters due to the strong surf and treacherous undertow. The pool at the Hotel Ivoire is filtered, cleaned regularly, and is supposed to be safe. The salt water pools at the beaches are usually safe.

**Hospitals and Clinics**

Treichville Hospital
Telephone 35-56-03

CHU Cocody (University Hospital).
Telephone 31-24-45

Clinique de Plateau (Obstetrical Clinic).
Telephone 22-20-29

**Principal Pharmacies***

Pharmacie Moderne (Plateau)
Telephone 22-21-31

Pharmacie Centrale (Plateau)
Telephone 32-19-64

Pharmacie du Commerce (Plateau)
Telephone 32-12-12

Pharmacie de Cocody (Cocody)
Telephone 34-94-95

### *Diplomatic Representatives*

**Government of the Ivory Coast**

Embassy of the Republic of Ivory Coast
2424 Massachusetts Avenue, N.W.
Washington, D.C. 20008
Tel: 202-483-2400
Ambassador, Timothee N'Guetta Ahoua

Mission of the Republic of Ivory Coast
46 East 74th Street
New York, New York
Tel: 212-988-3930

Consulate of the Republic of Ivory Coast
9000 Sunset Boulevard, Suite 1402
Los Angeles, California 90060

Honorary Consulate of the Republic of Ivory Coast
26555 Evergreen Road
Suite 1602
Southfield, Michigan 94104
Tel: 313-355-0300

*Since most of the pharmaceutical products available in Ivory Coast are French, you will have to see a doctor and show him your U.S. prescription so that he can prescribe the French equivalent. The U.S Embassy publication *Drum Beat*, published every week, lists doctors and pharmacies on duty during the weekend



Honorary Consulate of the Republic of Ivory Coast
3151 Southwest Fairmont Boulevard
Portland, Oregon
Tel: 503-226-3201

Honorary Consulate General of the Republic of Ivory Coast
44 Montgomery Street
San Francisco, California 94104
Tel: 415-981-6330

**Government of the United States**

American Embassy
5 Rue Jesse Owens
P.O. Box 1712
Abidjan, Ivory Coast
Tel. 32-09-79
Telex: 660
Cables: AmEmbassy Abidjan
Ambassador: Monteagle Stearns

### *Government Offices*

The offices listed below are located in Abidjan.

Presidency
B.P. 1354

State Ministry for Public Health and Population,
B.P. V4
Tel: 32-08-88

Ministry of Justice,
B.P. V107,
Tel: 32-43-37

Ministry of Foreign Affairs,
B.P. V109
Tel: 32-08-88

Ministry of Armed Forces and Civic Service,
B.P. V11
Tel: 32-02-88

Ministry of Economy, Finance and Plan
B.P. 125-IMM. SCIAM
Tel: 32-05-66

Ministry of Construction and Urbanization
B.P. V153
Tel: 32-08-88

Ministry of Agriculture,
B.P. V 82
Tel: 32-08-33

Ministry of Scientific Research,
B.P. V 151
Tel: 32-06-88

Ministry of Technical and Vocational Training,
B.P. V 141
Tel: 32-06-88

Ministry of National Education,
B.P. V 120
Tel: 32-68-88

Ministry of Trade,
B.P. V 143
Tel: 32-56-26

Ministry of Public Works and Transports,
B.P. V6
Tel: 32-08-88

Ministry of Animal Production,
B.P. V 185
Tel: 32-29-63

Ministry of Labor,
B.P. V 119
Tel: 32-08-88

Ministry of Information,
B.P. V 138
Tel: 32-06-88

Ministry of Mines,
B.P. V 50
Tel: 32-50-03

Ministry of Water and Forests,
B.P. V 94
Tel: 32-08-33

Ministry of Elementary Education and T. V. Education,
B.P. V 40
Tel: 32-43-53

Ministry of Cultural Affairs,
B.P. V 39
Tel: 32-20-77

Ministry of National Security,
B.P. V 121
Tel: 32-23-00

Ministry of Posts and Telecommunications,
B.P. 20.927
Tel: 32-46-52

Ministry of the Marine,
B.P. V 67
Tel: 32-08-88

Ministry of Tourism,
B.P. V 184
Tel: 32-53-50

### *Ivorian Governmental Parastatal Organizations*

The organizations listed below are located in Abidjan

Centre D'Exploitation Industrielle Du Betail
B.P. V 185
Tel: 32-29-63

Centre Ivoirien De Gestion Des Enterprises (CIGE)
B.P. 7322
Tel: 35-34-84

Centre National Des Bureaux De Fret (CNFB)
B.P. V 116
Tel: 37-44-05

Ste Pour Le Developpement Et L'Exploitation Du Palmier A Huile (Groupe Sodepalm)
B.P. 2049
Tel: 32-00-79
Telex: 347-708

Ste. Pour Le Developpement Minier De La Cote-D'Ivoire (SODEMI)
B.P. 2816
Tel: 31-17-65
Telex: 552

Ste. Pour Le Developpement De La Motorisation De L'Agriculture (MOTORAGRI)
B.P. 20.835
Tel: 37-46-17

Ste. Pour Le Developpement Des Plantations De Canne A Sucre, L'Industrialisation Et La Commercialisation Du Sucre (SODESUCRE)
B.P. 2164
Tel: 32-37-71
Telex: 451

Ste. Pour Le Developpement Des Plantations Forestieres (SODEFOR)
B.P. 20.860
Tel: 31-24-25

Ste. Pour Le Developpement Des Productions Animales (SODEPRA)
B.P. 1249

Ste. Pour Le Developpement De La Production Des Fruits Et Legumes (SODEFEL)
B.P. 20.122
Telex: 2100

Ste. Pour Le Developpement De La Rivera Africaine (SDRA)
B.P. 4136

Ste. Pour Le Developpement De La Riziculture
B.P. 2766

Energie Electrique De La Cote-D'Ivoire (EECI)
B.P. 1345
Telex: 738

Ste. D'Equipment De Terrains Urbains (SETU)
B.P. 21.181

Ste. De Gestion Financiere De L'Habitat (SOGEFIHA)
B.P. 9278
Telex: 534

Institut Pour La Technologie Et L'Industrialisation Des Produits Agricoles Tropicaux (ITIPAT)
B.P. 8881

Ste. Ivoirienne De Cinema
B.P. 304
Telex: 344



Ste. Ivoirienne De Construction Et De Gestion Immobiliere (SICOGI)
B.P. 1856

Ste. Nationale De Conditionnement (SONACO)
B.P. 119
Telex: 2288

Telecommunications Internationales De La Cote D'Ivoire
B.P. 1838
Telex: 790

*International Organizations*

The organizations listed below are in Abidjan unless otherwise stated.

African Development Bank (B.A.D.),
B.P. 1387,
Tel: 22-56-61
Telex: 498 and 717

European Development Fund (EEC),
B.P. 1821,
Tel: 22-69-20
Telex: FEDKOKS 729

International Labor Organization,
B.P. 75
Bingerville
Tel: 30-30-08

United Nations Development Program,
B.P. 1747
Tel: 32-10-49

United Nations Industrial Development Organization (UNIDO),
B.P. 1747
Tel: 22-63-95

UNICEF, B.P. 4443
Tel: 32-31-31
Telex: 340 UNICEF ABIDJAN

World Health Organization
B.P. 2494
Tel: 32-26-60

World Bank (IBRD),
B.P. 1850
Tel: 32-24-01
Telex: 533

*Trade Associations and Business Organizations*

The organizations listed below are in Abidjan.

Chambre D'Agriculture De La Cote D'Ivoire
B.P. 1291
Tel: 32-16-11

Chambre De Commerce De Cote D'Ivoire,
B.P. 1399
Tel: 32-46-79

*Interpretation Services*

Artaud, Joane
19 Ruye des Palmiers
B.P. 11636
Tel: 35-64-41

Bouquier, Pierre,
B.P. 1387
Tel: 31-18-01

Interstar,
B.P. 1318
Tel: 35-57-10

R.L. School, Imm. le General,
B.P. 8437
Tel: 22-73-47

SIPRESTAS
36 Bd. de la Republique
B.P. 2597
Tel: 32-39-41

Sosoo, Leonard,
B.P. 8435
Tel: 34-91-64

## Sources of Economic and Commercial Information

*Ivorian Government Information Services*

Direction des Etudes de Developpement
Ministry of Planning
B.P. 649
Abidjan

Direction Centrale des Marches
Ministry of Economy and Finance
B.P. 20.346
Abidjan

Ivory Coast Development Office
Office of the Financial Counselor
Suite 1604–06
521 Fifth Avenue
New York, New York 10017
Tel: 212-661-9700

Ivory Coast Stabilization Fund
Office of the Commercial Counselor
Suite 2507
1 World Trade Center
New York, New York 10038
Tel: 212-466-0180

*Information about investing in Ivory Coast*

Economic Counselor
American Embassy
5 Rue Jesse Owens
B.P. 1712
Abidjan, Ivory Coast
Tel: 23-25-81, Ext. 347
Telex: 660

American Businessmen's Club
c/o Duncan, Allen and Mitchell
Imm. SMGL, Av. Barthe
B.P. 20484
Abidjan, Ivory Coast
Tel. 32-67-66
Telex: 2435

Autorite pour l'Amenagement de la Vallee du Bandama (AVB)
Av. Lamblin
B.P. 20.887
Abidjan
Tel. 32-33-34
Telex: 518

Autorite pour l'Amenagement de la Region du Sud-Ouest (ARSO)
Bd. de l'Ouest
B.P. 21.058
Abidjan
Tel: 32-50-78

Chambre d'Industie de Cote d'Ivoire
11 Avenue Lamblin
B.P. 1758
B.P. 1758
Abidjan
Tel: 22-55-04

Bureau de Developpement Industriel (BDI)
Residence Diana
B.P. 4196
Abidjan
Tel: 32-42-86
Telex: 793

*Information about marketing in Ivory Coast*

Commercial Attache
American Embassy
5 Rue Jesse Owens
B.P. 1712
Abidjan, Ivory Coast
Tel: 32-25-81, Ex. 348
Telex: 660

Chambre de Commerce de la Cote d'Ivoire
6 Avenue Barthe
B.P. 1399
Abidjan, Ivory Coast
Tel: 32-46-79

Syndicat des Commercants, Importateurs et Exportateurs de la C.I.
B.P. 20.882
Abidjan, Ivory Coast
Tel: 22-24-83

*Information about Ivorian Products*

Centre Ivoirien du Commerce Exterieur (CICU)
Immeuble de la CSSPPA
7th Floor
B.P. V68

Abidjan, Ivory Coast
Tel. 32-08-33
Telex. 460

Chambre d'Agriculture de la Cote d'Ivoire
Av. Lamblin
B.P. 1291
Abidjan, Ivory Coast
Tel: 32-16-11

### *Information about accounting, business and taxes–U.S. accounting firms*

Arthur Andersen & Co.
AMCI, B.P. 20.262
Abidjan, Ivory Coast
Tel. 32-42-97, 32-56-72
Telex. 2107

Coopers & Lybrand
La Pyramide, 3eme etage
B.P. 1361
Abidjan, Ivory Coast
Tel. 32-22-76
Telex: 3304 COLYBCI

Deloitt Haskins & Sells
Alpha 2000, 18eme etage
B.P. V245
Abidjan, Ivory Coast
Tel. 33-15-62; 34-94-56

Pannell Kerr Forster
Res. Nogues, 13eme etage
B.P. 4618
Abidjan, Ivory Coast
Tel. 32-40-70

Price Waterhouse & Co.
Imm. Alpha 200
B.P. 20,011
Abidjan, Ivory Coast
Tel. 32-51-21
Telex. 2250

### *Information about Ivorian laws and lawyers**

List of English-speaking lawyers in Ivory Coast, distributed by Consular and Commercial Sections
American Embassy
Abidjan, Ivory Coast

Association du Barreau, c/o M. Assi Camille ADAM
B.P. 698
Abidjan, Ivory Coast
Tel. 37-47-99

*All Government of Ivory Coast laws and decrees cited in the text of this Report are available through the Department of Commerce District Offices or the African Area, Office of Country Marketing, Industry and Trade Administration, Department of Commerce, Washington, D.C. 20230.



Duncan Allen and Mitchell
B.P. 20484
Abidjan, Ivory Coast
Te. 32-67-66
Telex. 2435

### *Information about insurance—U.S. insurance companies*

AFIA, St. Paul Fire and Marine Insurance Co.
Imm. SMGL
2nd Floor
11 Ave. Barthe
B.P. 20,457
Abidjan, Ivory Coast
Tel. 32-47-11
Telex. 2440

American International Assurance Co.
Nour Al Hayat
10th Floor
B.P. 8873
Abidjan, Ivory Coast
Tel. 22-66-31, 22-31-91
Telex. 2391

American Life Insurance Co.
Imm. Nour Al Hayat
10eme etage, Av. Chardy
B.P. 8873
Abidjan, Ivory Coast
Tel. 32-30-91

### *U.S. airlines and steamship lines*

Pan American World Airways
Room M-26, Hotel Ivoire
B.P. 8392
Abidjan, Ivory Coast
Tel. 34-91-32
Telex: 780

Delta Lines
c/o Ste. TRANSAFRIC
Zone des Entrepots Portuaires
B.P. 21,172
Abidjan, Ivory Coast
Tel. 32-31-80
Telex: 3670

Farrell Lines
c/o UMARCO
Rond-Point du Nouveau Port
B.P. 1559
Abidjan, Ivory Coast
Tel. 22-24-61
Telex. UMARCO 309

### *U.S. Banks*

Bank of America, NTSA
c/o Banque Internationale pour le Commerce et l'Industrie en Cote d'Ivoire (BICICI)
Av. Franchet d'Esperey
B.P. 1298
Abidjan, Ivory Coast
Tel. 32-03-79
Telex. 651

Citibank, N.A.
Imm. AMCI
B.P. 20,788
Abidjan, Ivory Coast
Tel. 32-46-10
Telex: 2121

Chase Manhattan Overseas Corp.
B.P. 20408
Abidjan, Ivory Coast
Tel. 32-68-17
Telex: 2435

Chemical Bank
Imm. Alpha 2000, 15eme etage
B.P. 1872
Abidjan, Ivory Coast
Tel. 32-73-50

Fidelity Bank
Alpha 2000
B.P. V245
Abidjan, Ivory Coast

### *Ivorian Banks*

Bank of Credit and Commerce International (Overseas) Ltd.
B.P. 1279
Abidjan, Ivory Coast

Banque Internationale pour l'Afrique Occidentale (BIAO)
10 Av. Barthe
B.P. 1274
Abidjan, Ivory Coast
Tel. 22-27-71/6
Telex: 641

Banque International pour le Commerce et l'Industrie en Cote d'Ivoire (BICICI)
16 Ave. Franchet d'Esperey
B.P. 1298
Abidjan, Ivory Coast
Tel. 32-93-79, 32-08-79

Banque Real De Cote d'Ivoire
22 Blvd. Clouzel
B.P. 4411
Abidjan, Ivory Coast
Tel: 32-27-82

Ste. Generale de Banques En Cote d'Ivoire (SGBCI)
5 Av. Barthe
B.P. 1355
Abidjan, Ivory Coast
Tel. 32-03-33
Telex: 776 and 437

Ste. Ivoirienne de Banque (SIB)
16 Av. Barthe
B.P. 1300
Abidjan, Ivory Coast
Tel. 32-00-00
Telex: 751 and 406

### *Ivorian National Development Banks*

Banque Ivoirienne De Developpement Industriel (BIDI)
B.P. 4470
Abidjan, Ivory Coast
Tel. 32-01-11
Telex: 484

Banque Nationale Pour Le Developpement Agricole (BNDA)
B.P. 2508
Abidjan, Ivory Coast
Tel. 22-52-37
Telex. 2298

Banque Nationale Pour L'Epargne Et Le Credit (BNEC)
B.P. 9256
Abidjan, Ivory Coast
Tle. 32-20-31
Telex. 2285

Le Credit de la Cote d'Ivoire (CCI)
B.P. 1720
Abidjan, Ivory Coast
Tel. 32-19-13

Ste. Nationale de Financement (SONAFI)
B.P. 1591
Abidjan, Ivory Coast
Tel. 32-05-45
Telex: 508

# Market Profile—IVORY COAST

### *Foreign Trade*

**Imports.**—$1,304 million in 1976, $1,036 million in 1975. Major 1975 suppliers: France 29 percent, West Germany 6 percent, United States 8 percent. Principal imports: capital equipment, semifinished metals, transportation and construction equipment, paper products, textiles, crude petroleum, chemicals. From U.S: aircraft, tractors, mechanical handling equipment, construction equipment, air conditioning.

**Exports.**—$1,642 million in 1976, $1,111 million in 1975. Major markets in 1975: France 27 percent, Netherlands 16 percent, West Germany 9 percent, U.S. 10 percent. Principal exports: coffee, tropical woods, cocoa, pineapples, bananas. To U.S: coffee, cocoa, lumber.

**Trade Policy.**—Grants preference to members of West African Customs Union (CEAO); member of the Conseil de l'Entente; seeks to diversify trade and investment. Has ended trade preference for imports from European Economic Community.

**Trade Prospects.**—U.S. exports increased significantly during 1977 to $100 million level. Construction equipment, textile machinery, agricultural machinery, food processing transport vehicles and energy systems equipment are best opportunities.

### *Foreign Investment*

Substantial foreign investment, mainly French; U.S. investments total $160 million; petroleum refining and distribution, banks, manufacturing, diamond mining. Investment guarantee agreement with United States.

**Investment Prospects.**—Government seeks foreign investment; liberal investment code. Investment opportunities in agribusiness, wood processing, tourism, and light industry.

### *Finance*

**Currency.**—Communaute Financiere Africaine (C.F.A.) franc, (235 CFA = U.S.$1); floating with French franc, issued by seven-nation Central Bank of West African States (BCEAO). Cost of living rose 13.9 percent during 1976.

**Domestic Credit and Investment.**—Commercial and industrial credit readily available. Lending rates of 6.5–8.5 percent applied in 1977.

**National Budget.**—1977 budget $1.45 billion; investment budget set at $716 million. Major emphasis on education, construction and public works, health, agriculture.

**Balance of Payments.**—Positive balance of $40.1 million in 1976. Official foreign exchange reserves totaled $412 million in July 1977.

**Foreign Aid.**—U.S. assists through loans and guarantees of Eximbank (about $245 million to date), OPIC and AID programs. Development assistance also granted by international organizations, including African Development Bank with headquarters in Abidjan.

### *Economy*

A major world exporter of coffee, cocoa, and tropical wood. Increasing industrialization and agricultural diversification sought. Tourism sector expanding rapidly (100,000 visitors in 1977).

**GDP.**—$5.25 billion in 1977, real annual growth rate 10.5 percent in 1976, increased during 1977.

**Agriculture.**—Traditionally strong in coffee, cocoa, timber. Diversification into palm oil, bananas, pineapples, cotton, sugar, rubber. Sugar, cotton to receive major emphasis under current Plan.

**Industry.**—458 firms during 1976. Industrial sector represented 23.1 percent of GDP in 1977. Government policy is to expand industrial exports to 45–50 percent in 1980. Total capital investments projected at $460 million (1976–80).

**Commerce.**—Cost of living rising about 10–15 percent per annum. Government promotes greater Ivorian participation in business. Stock exchange opened in Abidjan April 1976. Private sector significant by African standards.

**Development Plan.**—1976–80 plan calls for $6.6 billion investment to maintain real growth rate of 7.7 percent with industry (plastics, palm oil refining, metal fabricating, textiles) expanding at 18 percent rate contrasted with 5 percent forecast for agriculture.

### *Basic Economic Facilities*

**Transportation.**—Transport system generally adequate, relying heavily on extensive road network linking all parts of country. Future emphasis on maintenance and improvement. Railroad runs 375 miles through Ivory Coast linking the port of Abidjan with Ouagadougou, Upper Volta.

**Communications.**—Adequate telephone service from Abidjan to interior cities. National radio and television networks. Sector to receive major emphasis during current Plan 1976–80.

**Power.**—Taabo Dam completed 1976 (210 MW) representing $125 million investment. Buyo hydroelectric project on Sassandra River (165 MW) planned for 1978–80. Other dam projects under consideration.

### *Natural Resources*

**Land.**—125,000 square miles, slightly larger than New Mexico.

**Climate.**—Tropical. Temperature stays between 70°–90° F with humidity averaging 84 percent. Two rainy seasons March–July and September–November.

**Minerals.**—Iron ore reserves of 350 million tons may be developed during 1980s. Some diamonds are exported. Other mineral potential in nickel, gold, oil. Petroleum discovered late in 1977, production likely to begin in 1979–80 at the 400,000-ton level.

**Forestry.**—The leading African exporter of tropical logs and lumber. Several expansion projects underway. Depletion of prime species likely by 1988.

### *Population*

**Size.**—7.6 million (mid-1976 estimate). Rate of growth 5.8 percent. Capital city Abidjan, 900,000; interior commercial center Bouake, 200,000. Urbanization 25 percent with 40 percent forecast by 1980.

**Language.**—French is official and commercial language. Knowledge of English is limited.

**Education.**—Primary school enrollment, 46 percent. Educational TV in some schools. Adult literacy rate, 25 percent.

**Labor.**—Of 350,000 wage earners, 40 percent in agriculture, plus 200,000 migrant workers from other countries. Ivorians dominate skilled middle-level employment, but most managerial and professional jobs still held by non-Africans. Unemployment rate among Ivorians is high.